





## EUROPEAN NEWS

## EEC MINISTERS DELAY DECISION ON HIGHER BUDGET CONTRIBUTIONS

## Hitch in plan to raise VAT ceiling

BY QUENTIN PEEL IN LUXEMBOURG

A LAST-MINUTE hitch over ways of financing future European research projects prevented the EEC foreign ministers yesterday from getting their seal on a long-term increase in budget contributions from the member states.

The plan to raise the ceiling on VAT contributions to the Community budget—from 1 per cent to a 1.4 per cent VAT rate on a given basket of goods and services—incorporates the system of multi-year reductions in Britain's budget contributions. It is also needed to bring into full effect the system of budget discipline already approved by finance ministers.

The upset came yesterday when the ministers attempted to change their proposal to accommodate a proposal from the European parliament, which would provide extra cash for research projects either from the EEC budget, or from individual member states.

West Germany, in the shape

of Herr Jürgen Rühms, the Minister of State for Foreign Affairs, insisted that the amendment be referred to Bonn for approval—and the entire decision was therefore postponed until the end of the week.

The research financing proposal was the only point raised by a European Parliament delegation to be acceptable to all the other ministers, who were keen not to be seen to be riding roughshod over the system of consultation with the MEPs.

An attempt by the MEPs to gain an assurance that the British budget payments system would be abandoned after 1987—and that any future budget rebates be payable in the form of spending schemes, not reduced budget contributions—was ruled out by the ministers.

The Parliament's proposal would allow more flexibility in financing future research projects. However, Herr Rühms was worried that the change

would open the way for increased spending over which the ministers would not have enough control.

The whole area of the EEC involvement in big research programmes is very much in debate at the present, with the European Commission working on plans which could allow different member states to be involved in different projects, in a form of "variable geometry." Officials believe this might be one way of accommodating the French "Eureka" proposal within the Community structure, even if all members are not necessarily involved.

If Bonn raises no formal objection to the change, the decision on increased VAT contributions could be approved by written procedures, instead of a full council meeting, at the end of the week. It then has to be ratified by all 10 national parliaments before the British rebate can be paid.

The increase from 1 per cent to 1.4 per cent is not likely to keep the Community budget balanced for more than two years, in spite of efforts to hold down farm spending which accounts for more than 70 per cent of the total.

However, a further attempt by the Parliament to have written into the agreement an increase in the VAT ceiling from 1.4 per cent to 1.6 per cent "as soon as proves necessary" also failed.

On a separate question, the ministers agreed to increase from Ecu 60n to Ecu 80n the amount of cash available to member states for balance of payments loans. The last such loan (of Ecu 40n) was made to France in May 1983.

The decision limits to 50 per cent of the new total the amount available to any individual member, but it lifts the present restriction, giving such loans to states affected by increased oil prices.

## Bonn not to attend E. German ceremony

By Rupert Cornwell in Bonn

WEST GERMANY will be sending no official representative to attend the ceremonies on May 7 and 8 planned by the East German authorities to mark the 40th anniversary of the end of the second world war.

Bonn's decision, the result of intensely delicate and conflicting pressures, is yet another illustration of the complexities thrown up by the capitulation of Germany in 1945 and its subsequent division into two nations, each under a different ideological system.

The determining factor has been the strongly propagandistic flavour given to the occasion by the East Berlin regime which consistently implies that what is now East Germany was untainted by National Socialism and describes itself, for the eastern part of the nation, as "liberation."

The view, especially strong in West Germany's ruling Christian Democrat-Christians Union (CDU/CSU), has prevailed that this is a complete distortion of what happened in East Germany, where Nazi dictatorship was merely replaced by another dictatorship, this time of Communism.

As a result, Herr Hans-Otto Bradtke, Bonn's permanent representative in East Berlin—effectively its ambassador to a state whose separate citizenship West Germany does not recognise—will be absent from the main events planned.

There are a commemoration in East Berlin's Palace of the Republic, and a wreath-laying ceremony at the Soviet war memorial at Treptow, close to Berlin.

Paradoxically, Bonn's ability to steel itself to say no to the East Germans has been increased by its refusal to countenance dropping the visit to Bitburg military cemetery by President Reagan during his official visit, despite the outcry.

However, the decision has not been lightly taken. The West German mission in East Berlin is reported to have counselled taking part as it is anxious not to jeopardise the fragile rebuilding of ties frayed by the abrupt cancellation last September of the planned trip to West Germany by Herr Erich Honecker, the East German leader.

In the wake of Bonn's refusal, it was not clear last night whether the Western wartime victors, France, Britain and the U.S. would attend the East German celebrations.

Britain is understood to be making acceptance conditional on East Berlin—and by extension Moscow—giving down the expected anti-Western propaganda likely to be heard.

The U.S. for its part, is said to be still furious about East German handling of the ceremony on April 13 marking the anniversary of the liberation of Buchenwald concentration camp.

On that occasion Herr Hermann Axen, a member of the East Berlin Politburo, used his speech to inveigh against "the U.S. arms buildup" and "the megalomaniac plans of American world domination." Buchenwald, moreover was liberated not by Soviet, but by U.S. troops, in 1945.

Meanwhile a new shadow was cast yesterday over the Bitburg visit of Mr Reagan. Following confirmation that the ceremony there will go ahead, a spokesman for the World Jewish Congress said yesterday that this organisation would stage a demonstration to interfere with the President's earlier scheduled visit to the site of Bergen-Belsen concentration camp.

## Poles face expulsion as Bonn tightens residency rules

BY LESLIE COULT IN BERLIN

MANY OF THE 96,000 Poles who have entered West Germany in recent years face deportation under an Interior Ministry regulation which takes effect in June. It is aimed against "economic commuters," who come to work in West Germany and then return to Poland with their D-mark savings.

Many of the Poles have jumped Polish cruise ships and ferries at West German Baltic Sea ports, while others have travelled across East Germany to West Berlin. Nearly 14,000 Poles arrived there last year, and some 8,000 registered in Hamburg.

Entry has been easy for Poles since 1983, when they and other East Europeans were given special status under West German immigration law. They did not have to apply for political asylum and were automatically considered

"tolerated" persons.

Last year, 10,000 Poles left West Berlin after several months of working there. An unknown number are said to "commute" between Poland and the city at regular intervals.

After June, all Poles who enter West Germany and West Berlin will have to apply for political asylum, as will those who have "tolerated" status. They will not be permitted to work during part of the time it takes to decide whether they qualify for asylum.

An important change in the rules stipulates that East Europeans who return home within five years of entering West Germany will be prohibited from settling in the country again.

But even under the new rules, those East Europeans who apply for political asylum but fail will still be allowed to stay in the country.

## Nigeria bars check on oil quota adherence

By Dominic Lawson in Geneva

NIGERIA is holding up attempts by an international accounting firm to supply ministers of the Organisation of Petroleum Exporting Countries with a full accounting of adherence by Opec members to its production quotas.

A meeting of four Opec ministers, chaired by Sheikh Ahmed Zaki Yamani of Saudi Arabia, met yesterday to assess the report of the Klynveld Kraayenhof accountancy firm of the Netherlands. Opec hired the firm last December in the face of falling oil prices and mounting fears that output and prices by member-nations were not being tabulated correctly.

The move took place at a time of growing fears that Opec was unable to collectively manage its own affairs efficiently.

## Frustrating

The firm has been able to go to all Opec member states except Nigeria and is believed to have audited figures for the February and March exports of all other members.

This is particularly frustrating for Sheikh Yamani and his colleagues since Nigeria is currently the only Opec country to be greatly exceeding its production quota. Nigeria is thought to be producing at a rate of 1.7m barrels a day compared with its official Opec-agreed quota of only 1.3m b/d.

Nigerian officials insisted yesterday that General Buhari, the Nigerian head of state, has not given permission for the auditors to visit the country, and that a date for the visit could be agreed at today's meeting.

Nigeria's recent overproduction is directly linked to the strong seasonal demand for petrol in the U.S. for which the light Nigerian crudes are particularly suited.

Opec fears that the auditors may only be allowed in when that seasonal surge is over and Nigeria's actual production is more in line with its official quota.

This initial report by Klynveld Kraayenhof will be giving figures only for export, although the original commission covered all production and prices.

The auditors want to be able to submit figures which cannot be questioned and point out that the export figures are clearly monitored at handling terminals, ports and through tanker movements.

## Unqualified

The proliferation of complex better deals has made it impossible for the auditors to produce an unqualified set of Opec pricing accounts.

Opec is thought to have produced about 16.4m b/d in April 400,000 barrels above its 16m b/d ceiling. Sheikh Yamani said recently that the organisation was producing at only 15.2m b/d but this view has met with little support being widely seen as an attempt to talk up the oil price.

The ministerial executive council which met yesterday chaired by Sheikh Yamani, Professor Tam David-West of Nigeria, Dr Arturo Hernandez Grisanti of Venezuela, Dr Subroto of Indonesia and Dr Mana Seedi of Oitaiba of the United Arab Emirates.

Dr Oitaiba, however, has not turned up for the meeting. The presence of the Nigerian Oil Minister at the meeting meant that some frank discussions were in prospect, Opec officials said.

## Spain and Portugal settle their fishing and import differences

BY PETER WISE IN LISBON

PORTUGAL and Spain ended an historic tangle over fishing rights and import tariffs yesterday with agreement on terms of bilateral trade following their joint entry to the European Community in January.

The breakthrough, sweeping away the only remaining serious obstacle to their signing EEC membership treaties in June, came after 17 hours of negotiations between the two foreign ministers as pressure mounted on the two countries to settle their differences or accept EEC arbitration of the deadlock.

Sr Fernando Moran, the Spanish minister, said Spain had kept its promise to "take two steps if Portugal takes one" and hoped that the accord would ensure satisfactory relations during the two nations' 10-year transition into the Community.

His Portuguese counterpart, Sr Jaime Gama, said the agreement was a victory for both countries and a triumph for free trade that would help Spain and Portugal reduce protectionism and develop a "more European" approach to commerce.

Under the agreement, both countries will be barred from fishing in each other's 12-mile zone except in common border areas where local authorities will permit limited operations.

## Broadcasting plans 'disastrous'

BY RAYMOND SNOODY

PROPOSALS FOR harmonising Community broadcasting regulations were attacked yesterday as "pernicious and in the end disastrous," by Dr Albert Scharf, president of the European Broadcasting Union (EBU).

Some of the proposals in the EEC Green Paper, "Television Without Frontiers," would have a devastating effect on the "creative, prosperous variety which is important for the European cultural landscape," he said.

He was speaking in London at an Independent Broadcasting Authority conference on the Green Paper which advocates the harmonisation of advertising and copyright regulations to help create a single Community market for television programmes.

An unavoidable consequence of such harmonisation, Dr Scharf argued, would be the production of an American-like

common policies on space, communications and information technology infrastructure.

Dr Ivo Schwartz, principal author of the Green Paper, said that the legal differences in different countries were "discouraging, complicating and delaying" for the development of cross-frontier programmes carrying advertisements, including those offered via satellite and cable networks.

The Commission was proposing with the help of a directive to lift the prohibition of broadcast advertising in Belgium and Denmark and introduce more time for advertising generally. It was proposing a form of deregulation, replacing ten divergent rules with one common one.

"There is no attempt to harmonise for harmonisation's sake. The Commission's objective is simple: to minimise restrictions on advertisements," Dr Schwartz said.

common policies on space, communications and information technology infrastructure.

Dr Ivo Schwartz, principal author of the Green Paper, said that the legal differences in different countries were "discouraging, complicating and delaying" for the development of cross-frontier programmes carrying advertisements, including those offered via satellite and cable networks.

The Commission was proposing with the help of a directive to lift the prohibition of broadcast advertising in Belgium and Denmark and introduce more time for advertising generally. It was proposing a form of deregulation, replacing ten divergent rules with one common one.

"There is no attempt to harmonise for harmonisation's sake. The Commission's objective is simple: to minimise restrictions on advertisements," Dr Schwartz said.

## Lome pact signed by Angola

By Quentin Peel

ANGOLA YESTERDAY formally signed the Lome Convention with the European Community, making it eligible for increased aid and preferential trade deals.

The ceremony at the conclusion of the EEC foreign ministers' meeting here means Angola will join Mozambique as the second former Portuguese colony to be subject to quotas for four years with extended platforms set in the fifth year.

Bilateral trading terms for tomato paste and fish preserves will not be settled until accords on these products are finalised between the Iberian nations and the EEC.

Quentin Peel adds: Signature of the EEC Treaties of Accession should take place on June 12 or 13, leaving just under six months for all the Community's national Parliaments to ratify them.

EEC foreign ministers yesterday signed the two dates on the assumption that all the remaining details of the negotiations are completed, and the treaties drafted, before then.

The plan is for EEC heads of government, where possible, to attend signing ceremonies in the morning in Lisbon and in the afternoon in Madrid.

They issued a statement expressing serious concern at the deteriorating situation in South Africa itself, insisting that the Pretoria Government's recent proposals for race reforms do not go far enough.

"The 10 consider that the measures recently announced do not match the reality or scale of the problem," the ministers said. "Only the abolition of discriminatory practices, and of the system of apartheid, together with recognition of the civil and political rights of the black population, are capable of ensuring the peaceful evolution of South African society."

On Namibia, the 10 reaffirmed their support for the UN plan for a ceasefire and pre-independence elections, embodied in Security Council Resolution 435, "without preconditions."

They flatly rejected the latest announcement by the South African Government on setting up an interim government in Namibia as "null and void," and deplored the delays in implementing the UN plan.

## Solidarity activists held in May Day round-up

BY CHRISTOPHER BOBINSKI IN WARSAW

THE POLISH authorities have been stepping up arrest of Solidarity activists in advance of today's May Day celebrations when the banned union's supporters are expected to demonstrate against food price rises.

Mr Jerzy Urban, the government spokesman, admitted yesterday that there were 112 political prisoners in Poland, some 40 short of Solidarity estimates.

Three aides to Mr Lech Walesa, the Solidarity leader, were detained in Gdansk on Monday and arrests have also taken place in Poznan, Krakow and Lodz.

The union's supporters in Warsaw have been asked to gather at the grave of Fr Jerzy Popieluszko, the murdered pro-Solidarity priest, to mark May Day away from the official parade in the city centre.

Mr Urban also said yesterday that the dismissal of Mr Bronislaw Geremek, a historian from his post at the Polish Academy of Sciences, was because of his activities which were harmful to the State. Mr Geremek, on

Monday and arrests have also taken place in Poznan, Krakow and Lodz.

The union's supporters in Warsaw have been asked to gather at the grave of Fr Jerzy Popieluszko, the murdered pro-Solidarity priest, to mark May Day away from the official parade in the city centre.

Mr Urban also said yesterday that the dismissal of Mr Bronislaw Geremek, a historian from his post at the Polish Academy of Sciences, was because of his activities which were harmful to the State. Mr Geremek, on

## Hungary airs problem of growing private sector

BY PATRICK BLUM IN VIENNA

HUNGARY'S PRESS is using the occasion of May Day to ponder the problems facing the country's industries and its workforce, highlighting what it describes as the contradictions that have developed between the predominant state sector and private enterprise.

Magyar Hirlap, Budapest daily newspaper, yesterday warned the performance of private retailers and businesses had worsened the dangers caused by discrepancies between the profitability of private companies and their attraction for Hungarian workers, in comparison to the low standards often set by the large state-owned concerns.

The number of private retailers grew by 66 per cent last year to 25,000 shops, it said. While this was a positive development, many workers preferred to work for private companies or privately within the state sector. Many had sought work over the years on their own account and this

could have a serious effect on the large state-owned companies.

Employees often worked two to four hours overtime a day under a scheme which allows them to work privately with factory tools. Productivity could be 30-50 per cent higher than during normal working hours, the newspaper claimed.

Companies should offer better working conditions and higher salaries, "then the workers would perform much better in their normal factory time and they would not need to work privately," it said.

Nepszabadsag, the Communist party daily, warned about the increasing role of the private sector, and blamed inefficient management and poor organisation for the lack of enthusiasm in the "Socialist" sector.

It was easier to build socialism 40 years ago than today when industry and decision had become much more complex, it said.

## James Buxton visits Bologna as Italy prepares for local elections

## Chipping at a communist monolith

BOLOGNA is a city that has fallen asleep. That accusation—voiced by Sig Paolo Giuliani, a city councillor—has become a war cry in the campaign against one of the great traditions of Italy: the rule of a city of Eastern Europe," he says. "Everything that happens in the city has to be done through them. They instigate themselves into everything, turn everything into an opportunity for Communist propaganda."

Italian cities need argument, debate. The Communists way is to seek compromises with everyone, with the construction industry, with the shopkeepers, with business. It's hypocrisy. Sometimes the Red Flag goes up on a factory that is closing down, and sometimes mysteriously it doesn't.

Given the disorder and strife of several other large Italian cities, an outside observer might consider that something of an advantage. No one challenges the fact that Bologna, with its 450,000 people, is a very prosperous commercial and industrial centre, whose wealth, despite the official ideology of its rulers, is based largely on small and medium-sized industrial companies—the essence of Italian capitalism.

Unemployment is only 7 per cent, against the national average of 11 per cent.

But according to Sig Andreatta, Bologna's orderliness and the preservation almost intact of its historic

centre has been achieved at the price of rigidly controlling immigration from the rest of Italy by strict building controls. "We don't have that melting pot of people you get in other Italian cities," something which, despite being a Bolognese himself, he seems to regret. "Now, with fewer births and more deaths, the city population is declining. Between now and the year 2000 the population will have halved."

Yet, he claims, the city council blocks new building as much as it can, enabling the landlords to make big profits. For him, it is an example of the subtle way the Communists manage to get almost everyone on their side.

A few streets away in the city hall, Sig Renato Imbriani, the 40-year-old Communist mayor, responds scornfully. "The Christian Democrats said exactly the same thing the last time we had local elections, that we were grey and boring. But don't you really prefer this administration to the wild building speculation that has ruined other cities and hill-sides devastated by construction that you find in Naples or Genoa? You have to admit that we have kept Bologna beautiful."

"We are not inefficient: 70 per cent of all requests for permits are dealt with in less than 30 days."

On one point, however, he does look embarrassed. Earlier this year 21 people—municipal

officials, businessmen and others—were jailed by magistrates investigating corruption in building permits. It is the kind of scandal which is very common in other Italian cities, but is not supposed to happen under upright communist rule.

"It is very serious, a grave wound to the city," he says.

The Christian Democrats would be delighted if in this election they won just two or three more percentage points in the vote. But can they really expect in the foreseeable future to overturn the formidable entrenched network of Communist influence, which even extends into the business world through the agricultural and industrial co-operatives which are a staple to the party?

Historically, Emilia, the region of which Bologna is capital, has been fiercely anti-clerical. The result, it is said, of hundreds of years of being part of the Papal States. Earlier this century, it was predominantly Socialist, then under Mussolini was Fascist and now its anti-clericalism manifests itself mainly in Communism. If Bologna ever went Christian Democrat, it would be a revolution.

FINANCIAL TIMES, US\$ 100,000, published daily except Sundays and public holidays. Subscription price \$420.00 per annum. Second class postage paid at New York, NY and additional mailing offices.

MASTHEAD and address changes to: FINANCIAL TIMES, 1 East 60th Street, New York, NY 10022.

May 1, 1985


**FannieMae**

We now offer our Discount Notes through the following selling group:

**BankAmerica Capital Markets Group**  
Bank of America NT & SA

**Carroll McEntee & McGinley Inc.**

**Citicorp Investment Bank**  
CITICORP, N.Y.

**Continental Bank**  
Continental Illinois National Bank  
and Trust Company of Chicago

**The First Boston Corporation**

**Goldman, Sachs & Co.**

**Lehman Government Securities Inc.**

**Merrill Lynch Government Securities Inc.**

**Prudential-Bache**  
Securities

**Sakomon Brothers Inc.**

Shultz sa

may act

cut trade

Argentina

is on debt

payments

Eastern Air Lines

London route

Brazil's monthly

rate falls to 7.20



## Shultz says U.S. may act alone to cut trade barriers

By REGINALD DALE, U.S. EDITOR IN WASHINGTON

MR GEORGE SHULTZ, the U.S. Secretary of State, yesterday stoked up the diplomatic temperature in advance of this week's Bonn economic summit by warning that the U.S. would go it alone if the summit decided not to go ahead with a new round of world trade talks.

Mr Shultz told a satellite news conference that "if a decision is made not to go ahead on a multilateral round of negotiations, then the U.S. will proceed on its own."

Shultz's remarks were taken as a sharp response to the French President, who said on Sunday that he would not back the new trade talks unless the summit also agreed to negotiations on monetary reform. Washington insists that there can be no "linkage" between the two.

U.S. officials have in the past warned that the U.S. would consider pursuing trade liberalisation with "like-minded" countries if it were not possible to move ahead on a global basis. Mr Shultz's comments, however, were more aggressive than any that have been made publicly by the Reagan Administration in recent days.

France, along with the other OECD countries, has already agreed to the opening of a new round of trade talks as soon as possible. The issue for Bonn is not whether new talks should start, but under what conditions and when, with the U.S. pressing for January.

Mr Shultz told another Washington briefing yesterday that the U.S. would continue to insist on the vital importance of the new round in Bonn, while resisting major changes in the international monetary system, of the kind France has called for. While there might be some room for improvement, the present system of broadly floating exchange rates had "worked pretty well," he said.

Defending President Ronald Reagan's planned visit to a German war cemetery, Mr Shultz said that the uproar it had provoked might, even ironically, have given the gesture deeper significance.

Mr Shultz said that the importance of post-war reconciliation had been underlined by the angry reaction to Mr Reagan's plans to visit the Bitburg Cemetery on Sunday. "It shows how deep these wounds are," he said.

## NY City to repay \$556m of debts

By William Hall in New York

NEW YORK CITY is to repay all but a token \$1m (\$250,000) of the federally backed loans which it raised at the height of its financial crisis in the mid-1970s. The move is a confident gesture of its return to financial prosperity.

The city plans to repay early \$556m of federally guaranteed city bonds next month and replace them with cheaper funds raised on the financial markets. It is retaining \$1m of federally backed debt because it wants to be able to retain certain benefits, including \$450m of city tax collections, which would expire on the repayment of the final federal loan.

Mr Ed Koch, New York's mayor who has played a key role in restoring confidence in the city, said: "We are no longer sick. We are healthier than any other city in the country."

The move will save the city \$200m in borrowing costs over the next two years and Mr Koch plans to use the extra money to hire 2,000 extra policemen, 400 extra street cleaners and allow a modest cut in the city's income tax.

New York City's financial crisis came to a head in 1975 when it was forced to lay off city workers

## Tim Coone reports on the constitutional problems facing the Honduran President Cordoba's crisis threatens U.S. alliance



Cordoba: pressure to resign

AS THE U.S. Congress thwarted President Reagan's plans for escalating his "covert" war in Nicaragua, 3,000 U.S. Marines and soldiers supported by helicopters, jet aircraft and paratroops last week stormed ashore in a mock invasion exercise in northern Honduras.

The exercise, codenamed "Universal Trek '85," was one of the biggest yet staged by the U.S. in Central America and was transferred to Honduras from the Dominican Republic with the clearly-stated aim of increasing the pressure on the Sandinista Government in Nicaragua.

The manoeuvres in Honduras are now increasingly geared towards the preparation of U.S. troops rather than their Honduran counterparts. The "Universal Trek" exercise was designed "to give our air and ground forces realistic combat training and to test deployment in combat situations," according to Mr Arthur Skop, the U.S. embassy spokesman in Tegucigalpa.

Honduran participation in the exercise, directed against a defended port at Puerto Castillo on the Caribbean, was minimal. One interpretation of the exercise was a rehearsal for a possible invasion of the Nicaraguan port of Corinto on the Pacific. Corinto would be the first objective in any U.S. invasion of Nicaragua, as without it the Nicaraguans' military and economic capacity

to fight a regular war would falter in a matter of weeks.

The confident use of Honduran territory by the U.S. Administration for its Central American policy belies an increasingly volatile political situation. For the past month Honduras has been plunged in a deepening constitutional crisis over President Roberto Suazo Cordoba's powers and his control of the judiciary.

President Suazo Cordoba has found himself opposed by a powerful section of his own ruling Liberal Party and risks not being able to control the Presidential election due in November. The crisis in turn has focussed criticism on President

Suazo Cordoba's policy of accommodating U.S. interests in Central America.

A rebellion has taken place in the party, led by Sr Efraim Giron, president of the National Congress, and Sr Jose Azcona, former Communications Minister in the President's government. Both are chasing the Liberal Party Presidential nomination for the November elections, and both would probably defeat the President's own choice as his successor (a relatively unknown figure in the party) if internal party elections were held.

The crisis surfaced when the Congress voted to dismiss the Supreme Court and to nominate a new one. The rebellious Liberals united with the minority Nationals and two other small parties, to obtain the necessary majority vote.

The Congress alleges corruption, political bias and inefficiency on the part of the Supreme Court judges, serving only the wishes of the President on contentious issues. The new Supreme Court judges sworn in by the Congress immediately had arrest warrants issued against them by the existing judges.

Running arguments have since ensued between the Congress and the President over the constitutional legality of each other's actions. The latest is over a reform to the electoral law which obliges the parties to hold internal primary elections for their pres-

idential candidates. The President has vetoed the reform, and the Congress has called on the Supreme Court which it recognises (whose president is now in prison) to rule upon the constitutional legality of the reform.

"If the President does not accept the changes in the Supreme Court and internal party elections, tyranny will come to rule in this country followed by a violent crisis," Dr Rene Sagastume, a National Party deputy, told the FT.

Sr Jorge Arturo Reina, a prominent opponent of the President within his own party, went even further: "In the name of anti-subversion and opposition to the Sandinistas, the President has been trying to seize control of all spheres of public life."

President Suazo Cordoba does little to dispel this image. He accused his principal opponents in the Liberal Party, themselves vocal anti-communists, of being "ultra-left allied with the interests of Nicaragua."

Until now the powerful military has remained on the sidelines, probably for the first time in a Honduran constitutional crisis this century. However, the armed forces are being inexorably drawn in, and General Walter Lopez, the head of the armed forces, has made contradictory statements. On one occasion he recently hinted a solution might be for the President to resign, and on

another he said that the army stood firmly behind the President. However, General Lopez has also warned that "drastic measures" will have to be taken shortly if the crisis is not resolved politically.

No mutually acceptable political solution is in sight with both sides intent on confrontation. A deal within the Liberal Party is being ruled out by the President's opponents. The opposition block in Congress is now considering issuing a decree declaring the President to be ill, and therefore unfit to govern. The President could respond by resigning, or by ordering the dissolution of Congress. The latter would invariably spark civil unrest and bring the military into confrontation with the trade unions and students.

With the constitution weighing in the President's favour, he might alternatively press ahead with his nominee for the presidential elections, subduing Congress with his veto. But this would preclude a radical redrawing of existing party lines and efforts will be made to forge the existing opposition alliance in Congress into a multi-party electoral coalition. In power such an alliance could be expected to make substantial changes to foreign and domestic policies, both to the detriment of President Reagan's current strategy of relying on Honduras as the U.S. aircraft carrier in Central America.

## Argentina acts on debt payments

By Peter Montagnon, Economist Correspondent

ARGENTINA is to pay \$50m (\$42m) in interest on its public sector foreign debt this week in an effort to placate bank creditors worried about arrears approaching \$1bn.

Its announcement yesterday came as the arrears, which stretch back to November 4, were about to move over the six month mark, prompting expectations that U.S. government agencies responsible for supervising the banking system will again declare Argentine loans as officially "non-performing."

Senior bankers said yesterday that though this week's payment is small in relation to the total arrears, it is encouraging. "It is encouraging," said a senior Argentine banker who had been resisting the idea of making any payment at all.

Argentina has argued in the past that while its \$1.4bn loan from the International Monetary Fund remains blocked, it lacks the cash to meet interest payments on its \$45bn foreign debt. Sr Broderick said yesterday that talks with the IMF "continued to make progress."

Senior bankers added that they are becoming more optimistic about the chances of Argentina being able to arrange bridging finance to reduce the arrears substantially if it does reach an IMF agreement soon.

## Eastern Air Lines wins London route

Eastern Air Lines has been awarded a non-stop Miami-London route, subject to presidential approval, the U.S. Transport Department announced yesterday, Reuter reports from Washington.

Eastern was selected over World Airways for the flights. Air Florida had the route until it suspended flights last year after falling for bankruptcy.

## General Dynamics cuts jobs

By William Hall in New York

GENERAL DYNAMICS, the giant U.S. defence contractor, which is being investigated by the U.S. Government following allegations of over-charging, plans to lay off over half the workforce of its Quincy shipyard because the yard has nearly run out of U.S. government orders.

The company has announced that up to 3,100 of the 5,300 workers at its Quincy shipyard in Massachusetts will be laid off over the coming year. The first notices will be sent out next week.

The layoffs are the latest sign that the U.S. Government's tough approach with General Dynamics is beginning to bite. Although the company declined to link the layoffs to General Dynamics' problems with the Government, the Quincy shipyard is highly dependent on official orders.

The U.S. Inspector General has recommended that no new contracts be awarded to the company until some of its senior executives quit. However, General Dynamics claimed yesterday that so far there has not been any interruption in the company-wide order flow, despite the investigations.

The company is finishing work on five ships for the U.S. Navy's military sealift command. Four are being delivered this year, and the fifth in early 1986.

The company has tendered for three tankers for the U.S. Navy and two ocean survey ships. It hopes to hear whether it has been successful within the next few months.

Reuter adds from Washington: Boeing, responding to charges that contractors overcharge the Pentagon on spare parts, announced a policy to refund the price of any Boeing part if the government thinks the price unreasonable. It said the policy would cover all items costing \$100,000 (\$83,000) or less sold after July 1 1984, and returned before next July 1, and all future sales.

## Brazil's monthly inflation rate falls to 7.2%

By ANNE CHARTERS IN SAO PAULO

BRAZIL'S monthly inflation rate fell sharply in April to 7.2 per cent, the lowest figure in nearly two years.

The news, released by President Jose Sarney's office ahead of the official announcement, means that the 12-month inflation rate fell during the month to 228.6 per cent from 234.1 per cent.

Price controls, in place on major industries since shortly after the Government took office in mid-March, are thought to be partly responsible for the downturn. Economists quoted in a Brazilian-based economic report said, however, that traditionally there are fewer inflationary pressures in April with the start of crops harvest.

With the inflation rate for the first four months of the year totalling 49.99 per cent, the presidential announcement expected last night of a precedent-setting 106 per cent increase in the minimum salary, pegged to the consumer price index, has caused concern in business circles about how seriously the Government intends to pursue its fight against inflation.

Although only an estimated 21 per cent of Brazil's workforce receive the minimum salary, the size of the increase is taken as

a standard for better-paid workers.

The Government argues that it wants to send a strong psychological message to Brazilians that it is time workers started to reconspire purchasing power eroded over the last several years. Balancing this with the Government's avowed austerity drive seems to be difficult.

Strikes against major manufacturers threaten to spread this week to airline personnel, railway and underground employees. In the industrial region around Sao Paulo, the metal workers are holding out for a reduced working week of 40 hours and salary adjustments every three months. The Government has warned companies that they will not be permitted to pass on the cost of three-monthly wage increases.

Meanwhile, Sr Antonio Lemgruber, Central Bank president, seemed to have had his hand strengthened with the surprise resignation at the weekend of Sr Sergio de Freitas from his post as director of the international area of the Central Bank.

Sr Freitas and Sr Lemgruber apparently disagreed on strategy for Brazil's forthcoming debt renegotiation.

Faced with rising costs of drying berets, hats and yarn by an oil-fired process,

Kangol Wear Limited called in Derek Bond, Industrial Sales Engineer at NORWEB, for advice. He was confident that electricity could help. And he was right.

Derek arranged for trials which showed that heat pump dehumidifiers could reduce costs as well as halve process times.

In fact the Kangol figures looked as good as their hats: an impressive 70% cut in energy costs whether drying berets or basic yarns.

It was just one of several thousand projects tackled by Electricity Board Industrial Sales Engineers during the last year.

They could help your company in many ways: cutting energy and operating costs; improving product quality; boosting production; creating better working conditions. And they're backed by the R&D facilities of the Electricity Supply Industry.

If past results are anything to go by, there are very few companies indeed who can't benefit from the many electrical techniques available.

Fill in the coupon for more information or contact your Industrial Sales Engineer direct at your local Electricity Board.

## "I'll eat her hat if electricity doesn't cut your running costs."

To: Electricity Publications, PO Box 2, Feltham, Middlesex TW14 0TG.

- ☐ Please send me more information on ISE Service.  
☐ Please arrange for an ISE to contact me.

Name

Position

Company

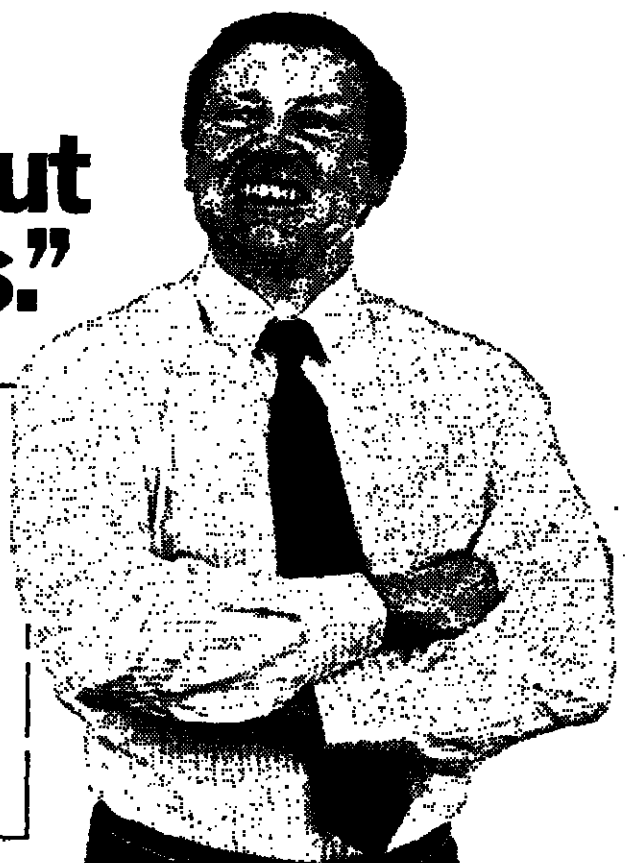
Address

Post Code

Telephone

**INVESTELECTRIC**  
The energy-efficient switch.

1/808





## OVERSEAS NEWS

## Lebanese Moslems take key position

By Our Middle East Staff

MOSLEM forces yesterday seized a key position held by the Israeli-backed South Lebanon Army east of the port of Sidon and opened the way for an assault on the Christian town of Jezzine where many thousands have taken refuge from the fighting.

A battle raged throughout the morning around the South Lebanese Army positions at Kfar Faloua, six miles from Jezzine, before Amal, the Shi'ite Moslem militia, and its allies claimed they had taken control of positions earlier evacuated by Israeli troops.

The South Lebanon Army, under the command of Gen. Antoine Lahad, is financed and equipped by Israel. Its main forces moved south to attack Jezzine and to police a 7.5 km deep territory north of the Israeli border.

Mr. Nabih Berri, who heads Amal, and Mr. Walid Jumblatt, the Druze chief, have both said they will not attack Jezzine if the SLA withdraws from the town.

However, the SLA insisted yesterday that it would not pull out of Jezzine and was supported by Dr. Samir Geagea, leader of the Christian forces which rebelled against President Amin Gemayel and have in the past few days been driven out of the positions they earlier held in the eastern suburbs of Sidon.

In Beirut, there was also heavy overnight fighting along the Green Line which separates the Moslem and Christian halves of the city.

Christian emissaries were yesterday reported to have been dispatched to Jezzine to seek a way out of the crisis and hold talks with Gen. Lahad.

## Israel to get extra \$1.5bn U.S. aid

By David Lannon in Tel Aviv

THE U.S. State Department has decided to recommend that Congress grant Israel \$1.5bn in emergency economic aid over the next two years. At the same time the State Department will recommend providing Egypt with an additional \$500m (\$400m in aid).

Palestinians living under Israeli occupation on the West Bank and the Gaza Strip will benefit from a special allocation of \$8m for projects to improve the quality of life.

Israel has received \$2.6bn in economic and military aid this year. However, because of the balance of payments deficit and the decline in foreign currency reserves it has asked for another \$1.5bn to help meet its debt obligations and begin a return to economic growth after years of stagnation.

The news of the State Department decision was greeted with relief in Jerusalem, where worries about the deterioration in the foreign currency reserves had led to speculation about the possibility of a default before the country ran out of money to pay for essential imports.

The House Foreign Affairs Committee authorised the aid deal early in April, but action on the package was delayed at the request of Mr. George Shultz, the Secretary of State.

Anthony Robinson in Johannesburg reports on the fight for political and economic power in the gold fields

## Black miners take on the corporations

THE CONTRAST between the solid opulence of the Johannesburg headquarters of the great South African mining corporations and the sparsely furnished suite of offices on the fifth floor of a run-down office block which serves as nerve centre for the black National Union of Miners could not be more striking.

But the solid strength of a gold mining industry which last year invested R1.64bn (\$870m) in new mines and development and earned R10.93bn in revenue on the production of 561.8 mms of gold is now being challenged as never before.

For nearly a century, the gold-bearing reef, which extends in a wide arc 120 km westward from Johannesburg to Klerksfontein, re-emerging 100 km further south around Welkom in the Orange Free State, has relied on cheap black labour recruited largely from far-away homelands over such neighbouring states as Lesotho, Swaziland, Botswana, Mozambique and others further afield.

Divided by ethnic and national differences and forced by the country's apartheid laws to live in mine compounds far from their families, it has been a relatively easy task to control the black miners.

Ever since a bitter strike in 1922, when white miners paraded through Johannesburg carrying banners saying "Workers of the world unite for a white South Africa," white miners have jealously guarded their privileged position as supervisors and technicians. These privileges were entrenched in job reservation legislation, which has been whittled down over the years but still reserves 11 key occupations for white holders of blasting and other certificates.

It was a world which gave

something to everybody: high profits for mineowners and investors at home and abroad, high tax revenues for government, high wages for white miners, and food and jobs for blacks and their families throughout Southern Africa.

Despite the increasingly capital-intensive nature of the industry (formed by the ever-increasing depth of mines and the relatively low quality of the ore body), nearly 500,000 blacks are still needed because of the fractured nature of the seams and the huge quantities of ore to be mined, milled and processed.

Over the years, that black labour force has become increasingly skilled. Over the past three years, since legislation introduced in 1981, it has also started to become unionised.

Mineworkers were in the forefront of moves to legalise black unions for two main reasons:

● They believed it would be easier to deal with organised representatives;

● They saw the black unions as a useful ally in their long battle to replace expensive white labour in key jobs with cheaper black labour, or so the white miners believe.

But the emergence of the National Union of Miners under the leadership of Mr. Cyril Ramaphosa has coincided with a much broader process of blackisation. The first legal strike by black mining unions last September coincided with the outbreak of violence in black townships in the Vaal Triangle, which has since spread into endemic violence in townships across the country.

Seven miners were killed in fighting which broke out last September partly because of the union's inability to get the message through to its members



Vaal Reef miners in a company bus

that a last-minute settlement had been reached, giving them a 16.3 per cent wage increase.

Some of the violence, like the riot involving 4,000 workers which left 10 dead at the President Steyn mine at Welkom in the Free State last month, was the result of tribal tension in the closely packed hostels.

But the most serious outbreak of labour problems has occurred over the past six weeks in the Vaal Reef South Mine, owned by Anglo American, and the neighbouring Hartbeestfontein mine, owned by Anglovaal.

Mineworkers and unions disagree over the underlying causes of the labour unrest, which came to a head last week-end. Anglovaal decided to sack 3,000 of its 16,000 workers for taking part in an unofficial strike over the sacking of four union officials charged with intimidation and Anglo American decided to sack 14,400 workers who struck in support of over 300 union activists dismissed on similar charges.

By the tough standards of South African black labour relations, putting up with six weeks of sporadic labour unrest showed considerable restraint.

In the eyes of the two companies the men had gone on strike illegally, non-strikers had been intimidated and the union had not been able to control its members.

For the union, however, the two companies' action in paying off nearly 18,000 men and shipping them back to their faraway homes was a show of force signalling their intention to bargain hard through the Chamber of Mines on the union's demand for a 40 per cent pay increase and an end to job restriction rules.

After seven hours of tough negotiations on Monday, the union claimed victory and said the employers had agreed to reinstate all the sacked men. This was denied by Mr. Peter Gush, chairman of Anglo's gold and uranium division, who said Anglo had agreed it would "favourably consider reapplications" by former Vaal Reef employees who had taken applicants' work record into account.

To the union, this looks suspiciously like an attempt by the mineowners to weed out union activists.

Labour specialists forecast tough times ahead for the mining industry and for the mining unions. But it is not only the black unions who are in a militant mood. Mr. Arrie Paulus, the right-wing leader of the white miners, has been called back from retirement by his 23,000 members and has submitted a 20 per cent wage claim and declared a state of conflict. The desire of white miners to regain ground lost through inflation is one factor. But to white and black miners alike, the main issue is the nature of job reservation and the balance of economic and political power in the industry.

## Vital issue is white job reservation

By Tony Walker, recently in Baghdad

MR CYRIL RAMAPHOSA, the 33-year-old former labour lawyer who is president of the black National Union of Mineworkers (NUM), yesterday spoke to the FT at the union's Johannesburg head office.

"The key issue in the current disputes at Vaal Reef and Hartbeestfontein gold mines and the forthcoming contract negotiations in the abolition of white job reservation of the mines. For years black miners have been compelled to do jobs like charging, blasting, legally reserved for white miners."

Why did Anglo American and Anglovaal dismiss nearly 18,000 black miners?

It shows that mine management is out to break the union.

Will they succeed? No, the unions have emerged from this strike much stronger than before. After seven hours of negotiations with Anglo they agreed to re-instate sacked workers.

The management complained of intimidation. Is that true?

"We have only 30 shaft stewards at Vaal Reef. I do not see how they could intimidate 16,000 workers. Workers have reacted to management provocation including the use of rubber and live bullets and tear gas. Will your demand for the end of job reservation lead to friction with the white mine-workers union?"

There already is white/black friction and violence in the mines. It will get worse. If there is a fight underground the black is always wrong and the white is always right.

reservation you are demanding a 40 per cent wage increase, is that negotiable?

"I can't disclose our negotiating tactics but we are looking for more than the 16.3 per cent we got last year and we believe the mines, with profits swollen by rand depreciation, can afford to pay. At present average pay of a black miner is R250 (\$96) per month and a white miner R1,200. Our aim is to reduce that gap."

## The Rand Daily Mail dies unmourned by Pretoria

SOUTH AFRICA'S leading liberal paper, the Rand Daily Mail, appeared for the last time yesterday, mourned by its 116,000 regular buyers but not by a Government which it criticised for decades, Jim Jones reported.

Its publisher, South African Associated Newspapers (SAAN), which lost R8m (\$3.35m) last year on the back

of a R15m loss by the Mail, will replace it this morning with a new financial newspaper called Business Day, modelled, SAAN claims, on the Financial Times.

The loss of the Mail, which has consistently criticised apartheid and uncovered frequent Government scandals, leaves Johannesburg's white English speakers with little choice in their morning reading.

The alternative is the Citizen, a shrill tabloid which is an unquestioning supporter of Government and which was established with secret state funds 10 years ago. It also deprives blacks, who comprised two-thirds of the Mail's readership, of a publication which supported their aspirations.

President P. W. Botha welcomed the announcement of the

Mail's pending closure in mid-March as indicating a new shift towards consensus politics.

The greater degree of media conformity heralded by the Mail's death is unlikely to be disturbed. The state-owned radio and television services are largely uncritical of Government and provide little but the official ruling party line on current events.

They will not be threatened by the fact that SAAN, along with three other newspaper groups, has been awarded participation in a new pay television channel to be introduced later this year. The new channel will not carry any news and will confine itself to the broadcasting of soap operas and old films.

## U.S. urges ADB to shift lending

By CHRIS SHERWELL, SOUTH-EAST ASIA CORRESPONDENT, BANGKOK

THE REAGAN Administration, which is currently reviewing its support for all multilateral lending agencies, yesterday made its strongest call yet for a radical shift in the lending policies of the Asian Development Bank (ADB) in favour of the private sector.

The Wall Street Journal's Washington correspondent said that the U.S. position was to encourage the ADB to shift its lending from public to private sector projects.

The move also coincides with the ADB's own recently disclosed plans to lead to private sector projects without obtaining government guarantees. This is a major policy departure with important implications for the world's commercial banks.

The latest U.S. position was spelled out by Mr. David Mulford, assistant secretary of the U.S. Treasury, at the ADB's annual governor's meeting now being held in Bangkok. Mr. Mulford said the bank should stop lending to state agencies which produce goods and services more efficiently provided by the private sector. When the private sector is "shut out" of the market, moreover, the bank should work with the borrowing country to develop private alternatives.

More significantly, he said that project funding by the ADB should be a means to change government policies. He said the bank should fund utility projects where tariffs have been rationalised and financial agricultural projects where private enterprise has been freed. It should also assist privatisation efforts.

Bank officials said the U.S. statement represented a further toughening of its stand,

which in ADB forums has been spelled out most bluntly in recent months by Mr. Joe Rogers, the new U.S. representative on the bank's board of directors.

Taiwan is to come under intense pressure from other government members of the Asian Development Bank to change its formal membership name so that China can be promptly admitted to the bank.

The shift in attitude follows a private meeting of the bank's directors in Bangkok yesterday, when persistent differences between the two countries again surfaced over the naming of their delegations once China joins.

China's flexibility over the matter, demonstrated last year when it dropped its previous insistence on the exclusion of Taiwan, now appears to have generated overwhelming support for Peking's application, and impatience with Taiwan seems to be growing.

which in ADB forums has been spelled out most bluntly in recent months by Mr. Joe Rogers, the new U.S. representative on the bank's board of directors.

Taiwan is to come under intense pressure from other government members of the Asian Development Bank to change its formal membership name so that China can be promptly admitted to the bank.

The shift in attitude follows a private meeting of the bank's directors in Bangkok yesterday, when persistent differences between the two countries again surfaced over the naming of their delegations once China joins.

China's flexibility over the matter, demonstrated last year when it dropped its previous insistence on the exclusion of Taiwan, now appears to have generated overwhelming support for Peking's application, and impatience with Taiwan seems to be growing.

## Rural exiles end Peking protest

By Robert Thomson in Peking

THE rural workers protest at the Peking Communist Party headquarters has ended following condemnation by Chinese authorities who said the demonstration was "completely wrong".

For the past week, hundreds of rural workers, sent to work in the Chinese countryside in 1968 during the Cultural Revolution, have occupied the steps of the Party headquarters and demanded that they be given permission to live in Peking.

The Chinese Press, which has studiously ignored the protest, yesterday published scathing criticisms of their behaviour and urged them to return to their homes in Shanxi Province, a poor coal mining region 320 km west of Peking. The protesters apparently have agreed to return.

Each morning, the protesters had camped themselves in front of the party building, and kept business hours.

## Iranian offensive expected by Iraq

By Tony Walker, recently in Baghdad

IRAQ is bracing itself for a new Iranian offensive on its southern front in the same area as the March offensive which left thousands dead on both sides.

Iraq claims that there have been big troop movements near where the Iranians broke through Iraqi lines in March. Western officials say the new offensive could be even larger than that thrust last month across marshland and the Tigris River to the main trunk road connecting its largest cities, Baghdad and Basra.

The highway — cut briefly by Iranian troops north of the town of al-Qurnah, at the junction of the Tigris and Euphrates rivers — is still closed more than a month after the offensive was thrown back, leaving an estimated 20,000 to 30,000 Iranian dead. Estimates of Iraqi casualties in the March battle, one of the most critical in the 55-month war, range up to 10,000.

Western military attaches say that Iranian successes in the early stages of the battle exposed defence deficiencies worrying to the Iraqis and have led to redoubled efforts to strengthen preparedness on the southern front.

Units of Iraq's elite presidential guard have been sent to the front to bolster defences, and the Iraqi Air Force has been firing dozens of missiles against Iranian troop concentrations.

Western officials with access to satellite information about Iranian preparations say that the new offensive could involve as many as 10 divisions of combat troops. They say that Iraq is clearly concerned about any new thrust towards the main road and over the prospect of another fierce battle in waterlogged terrain unsuitable for Iraqi armoured units.

Iranian preparations for a new offensive and diplomatic activity at the UN have brought a temporary lull to the fighting. Both sides have stopped, at least for the time being, attacks on civilian targets.

In Baghdad, the debate continues on whether recent explosions in the capital, which damaged a large bank building and part of an expressway, were acts of sabotage by Iranian agents or caused by missiles launched from Iran.

Western military attaches say that if the damage was caused by missiles, though that it is likely they were relatively small devices with perhaps less than 100 kilograms of explosives and not the large Soviet-built and Libyan-supplied Scud-B missiles as first suggested.

Among foreign residents in Baghdad it is firmly believed that several of the explosions were acts of sabotage. Fear of further such attacks in a capital three-kilometre radius of the city has forced the relocation of several government departments, closure of a museum and the barricading of roads near key installations.

President Saddam Hussein of Iraq has again called for a negotiated end to the war, saying his country was ready to end it through peaceful means. He told delegates to an Islamic conference in Baghdad that Iraq was not indifferent to the bloodshed. It was, however, "a problem we have to face with faith and capability."

## RESOURCES REVIEW

## Small becomes beautiful in mining

By George Milling-Stanley

DON YOUNG is a prospector. Each morning, when he is not otherwise occupied in shovelling snow away from the door of his tiny cabin in the backcountry of British Columbia, he is chopping logs for fuel, he says, he is using the geological hammer and the appropriate containers for the samples of rock and soil he plans to collect, puts on his snowshoes, and sets off into the bush in search of a gold mine.

Gold is the only thing worth looking for these days, Young says. In the 1970s, his main target was molybdenum, the so-called "space-age" metal used in hardening steel alloys. But by the end of the decade, when he had found enough signs of mineralisation at the right sort of grades to offer an option on his prospect to a

mining company, everyone had lost interest.

The majors had effectively sewn up the market, and in any event the world was sliding into recession, and molybdenum prices were falling. Later, the excess of supply over demand grew so acute that even mighty Amex was forced to close its two mines in Colorado completely, and the group virtually gave back to the original vendors two prospects on which it had already spent millions of dollars.

Exploration for gold has not suffered to anything like the same extent as for base metals, but the criteria which companies use for judging whether to take out an option on a property for further examination are changing constantly.

Just a few short years ago,

everybody wanted "elephants," massive deposits containing enough reserves at rich or grades to justify either the sinking of several shafts under one company's banner, or the opening of more than one mine, as at the Hemlo gold field in north-western Ontario.

Thereafter, principally in the light of experience in Nevada and elsewhere in the south-western U.S., the target became big deposits, which were close enough to the surface to be amenable to open-pit mining.

Now, with many mining companies losing money each year on their traditional operations, speed has assumed a key role alongside operating costs. The ideal deposit has become one which can be brought into production within a couple of years, rather than the more traditional nine or 10 years.

New mines must also have a short payback period, in other words the operating company wants to be able to recoup its capital expenditure rapidly.

Exchange rate movements have played a larger role in changing the definition of the correct targets for exploration than is apparent at first glance.

Changes in currency parities are of very short duration when viewed in the context of exploration work which may typically take several years, evaluation and feasibility studies perhaps 18 months to two years, construction anything between one and five years and

a mine life of probably at least 10 years and possibly much longer.

Nevertheless, companies have no choice but to base their investment decisions on a mixture of present realities and their projections for the future.

The current weakness of most metal prices is less severe in non-dollar currencies. But the big shift in emphasis away from base metals and towards gold reflects the fact that even priced in U.S. dollars, gold remains a relatively attractive metal to mine.

At around \$300 per ounce gold is still well ahead of the fixed level of \$35 per ounce which applied before 1968. That is why Amex, once an acknowledged leader in base metal mining projects costing anything up to half a billion dollars, finds it practical to put a fraction of that sum into the development of its Sleeper gold mine in the Slumbering Hills of Nevada.

Sleeper has two main attractions: the mine is expected to rank among the lowest cost gold producers in the world; and it should be in production by May of next year. Amex is also involved in gold projects elsewhere, with decisions expected imminently on deposits in New Zealand, Western Australia, Tasmania and Canada.

This fits in with the general perception of the direction in which the exploration budgets of the larger mining companies are heading. Spending on ex-

ploration has been slashed over the past few years, especially in North America, and as one observer puts it, "everybody is looking for more bang for their buck."

It has taken the mining industry longer than most others to realise that small is beautiful, but that is without doubt the main message coming out of the exploration departments of most of the big companies today.

Those companies which are generally acknowledged to be most successful at exploration have always made room in their budgets for a thorough examination of smaller deposits. Australia's Western Mining Corporation, for example, refers specifically in its latest annual report to several small open-cut gold reserves which it plans to exploit.

In line with the declared philosophy of Sir Arvi Parbo, WMC's chairman, that "mineral exploration has been the foundation of the company's growth," there seems to be a willingness at the highest levels of management to listen to reports from exploration geologists in the field, and to react quickly to the information.

Apart from gold, the only significant exploration interest left is in special situations, where a combination of factors, usually involving geography, timing and the particular method sought, provides the potential for good profits.

Tin is a prime example.

The world's major producers, grouped in the International Tin Council, have responded to the current high level of stocks overhanging the market by imposing swinging cuts in sales and production, but these reductions do not apply in countries which are net importers of the metal.

That is the case in Canada and the UK, and helps to explain why Rio Algom, the Canadian arm of the Rio Tinto-Zinc group, is proceeding rapidly with the development of its big East Kemptville tin mine in Nova Scotia. Other RTZ companies are pressing ahead with outlying new reserves at much smaller mines in Cornwall.

Similarly, the agreements currently being reached between the countries of the European Community over motor vehicle exhaust emissions have caused a resurgence of interest in the search for platinum, used in the catalysts which cut the amount of noxious gases produced. The likelihood that West Germany will be the first to legislate has even prompted some exploration in that country.

Copper is another case in point. While an exploration geologist with any knowledge of economics would run a mile if he stumbled over a potential copper mine in North America, the red metal is actively being pursued in Chile.

That is a simple function of the country's favourable combination of high-grade deposits and a depreciating currency, which virtually guarantees profitability even though many other copper producers are engaged in a desperate struggle to give off the threat of bankruptcy.

Apart from gold, it is only situations such as these which are likely to arouse any interest on the part of beleaguered corporate treasurers in the present climate where funds are tight and every available cent is immediately put to work in reducing the enormous burden of debt hanging over so many mining companies.

It is to these situations that the Don Youngs of this world must turn their attention, unless they want to live in their backwoods cabins forever.



Test drilling for gold near Kalgoorpie, Australia

Test drilling for gold near Kalgoorpie, Australia

Test drilling for gold near Kalgoorpie, Australia

**GET IT ON TAPE...**

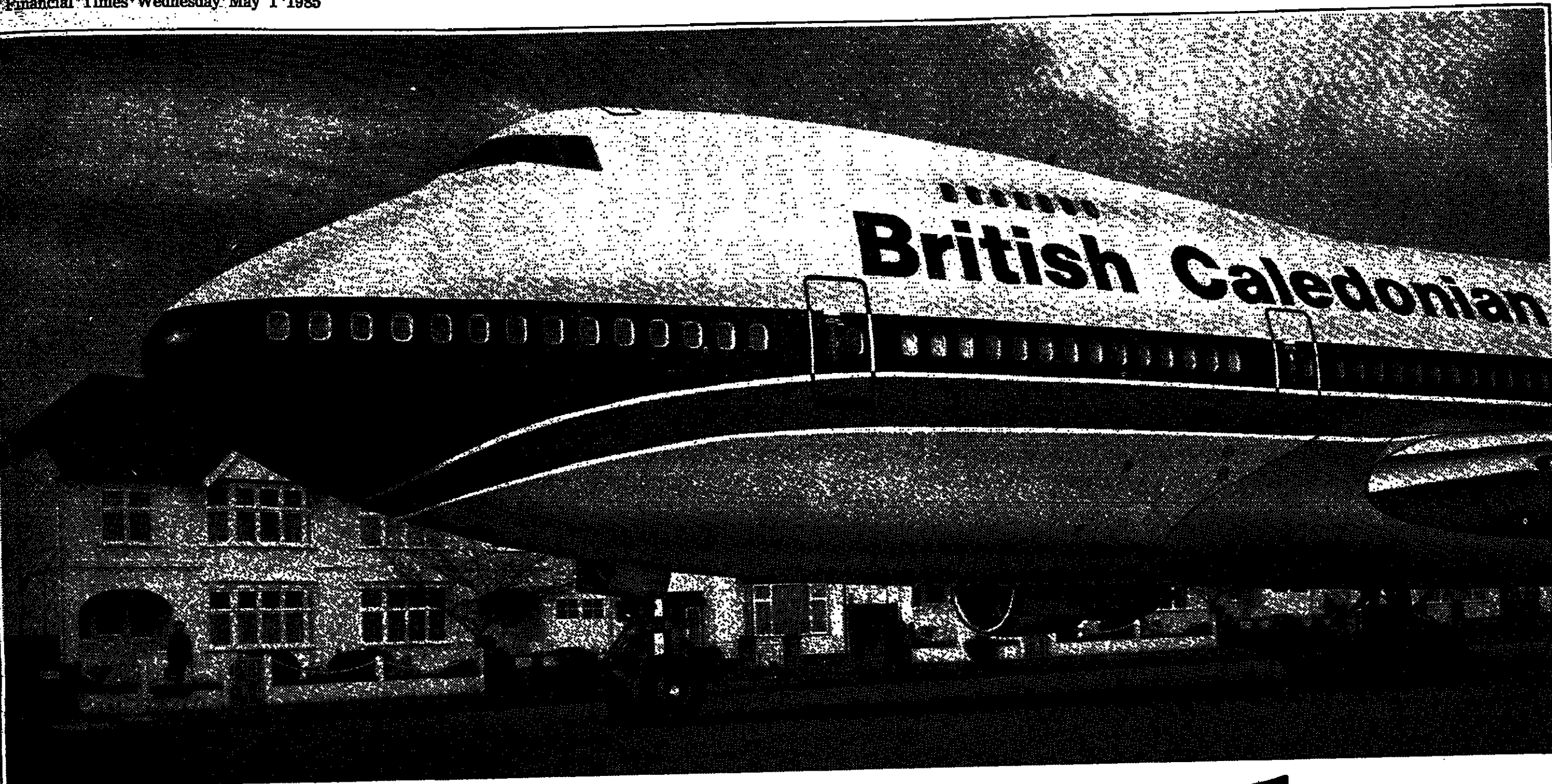
- Briefcase Recorders
- Micro-Mini Recorders
- Telephone Recorders
- Discreet Video Briefcases

**COUNTER SPY SHOP**

01-408 0267, 01-229 0223 Tx: 8914709

**JUST IN CASE!**





# New York door-to-door



May 1st sees the start of a unique new service from British Caledonian.

Not content with merely flying you across the Atlantic, we'll actually drive you to and from the airports as well.

The service is for First and Super Executive passengers, and all the extras are included in the fare.

Here's how it works.

We'll pick you up from your home or office anywhere within 40 miles of Gatwick.

We'll also pick you up within 20 miles of the airports at Glasgow, Edinburgh, Manchester or Birmingham, just as long as you're connecting with our New York service via British Caledonian Commuter.

(If you'd like to be picked up from further afield, we'll be more than happy to do so for

a small excess mileage charge.)

Naturally, the transport will be in keeping with British Caledonian's reputation for comfort.

If you're flying Super Executive you can expect a Volvo 740 or an Audi 100, or a similar large saloon.

If you're flying First Class you can look forward to the comfort of a chauffeur driven limousine.

At the other end there'll be limos for both First and Super Executive passengers, to take you anywhere within 40 miles of central Manhattan.

Or, if you prefer, you can take the helicopter to a choice of four destinations: East 34th Street, The World Trade Center, Newark or La Guardia.

(That way you'll really get there chop chop.)

British Caledonian's New York flights depart Gatwick daily at 11.30, arriving 14.10.

Coming back, they depart JFK at 20.00, arriving 07.40—with the same door-to-door service both ends.

If you'd like to know more, simply send the coupon.

And within a few days you'll see a Guide to our New York door-to-door service on your doormat.

To: Mrs Lynn Hill, British Caledonian Airways, FREEPOST, Caledonian House, Crawley, W. Sussex RH10 2ZB. Please send me details of your New York door-to-door service.

Mr/Mrs/Miss \_\_\_\_\_ FT6

Position in Company \_\_\_\_\_

Company Address \_\_\_\_\_

Postcode \_\_\_\_\_

Tick the box for details of World of Business Travel ☐ Chieftain Club ☐

**British Caledonian**  
We never forget you have a choice.



## WORLD TRADE NEWS

## Britain 'faces £4bn deficit in electronics'

BY CHRISTIAN TYLER, TRADE EDITOR

BRITAIN'S deteriorating balance of trade in electronic goods points to a deficit of over £4bn in that market sector by the end of the decade, a House of Lords committee was told yesterday.

The British subsidiaries of IBM and Hewlett-Packard were giving evidence to the Lords committee on overseas trade. The companies produced estimates showing that a surplus on information technology trade in 1978 had become a deficit by 1980 which rose to some £1bn in 1983, and possibly to £2.3bn on all electronic goods.

Mr John Fairclough, director of manufacturing for IBM in the UK, and Mr David Baldwin, managing director of Hewlett-Packard's British operations, defended their companies' investment record and contribution to the UK industry.

But pressed by Lord Kearton, one of the committee members, they admitted that investment strategy decisions affecting IBM's British industry lay in the hands of their U.S. parents.

Mr Fairclough said that the

British government should identify and support what he called the key technologies, and back investment by matching grants and perhaps public procurement contracts.

In a paper submitted to the committee, Hewlett-Packard argued that the Government should continue to encourage multinational investment in the UK, tackle the skill shortage and do more to educate business in the importance and uses of information technology.

It said there was no overall strategy. "This has proved damaging as the fluctuations over cable and satellite television have shown."

The Government should announce a long-term strategy in collaboration with the companies, defend their own industry together and produce the winners of the future."

Both companies stressed that the deficit in electronics was not just a British, but European problem, and that the industry had to keep its own imports and exports broadly in balance in the UK.

## Austrians poised for China power plant orders

By Patrick Blum in Vienna

ELIN-UNION, the Austrian electrical engineering and equipment company, is poised to reach agreement on contracts worth several million dollars for hydro-electric power plants in China.

A team of specialists from the company is due to go to China next week to press Elina's bids for equipping up to 27 hydro-electric power plants throughout China.

The company's bids are backed by an Austrian export credit to China of \$250m, agreed last February.

Other Austrian companies, including Voith, Andritz and Voest Alpine, would also be involved, but Elina would be the lead contractor for any deal signed.

The company said yesterday that it hoped to win some of the contracts, although there was strong competition.

"We will be discussing specific projects during the visit next week, but nothing has been decided yet," an official said.

If successful, Elina's bids will give it a welcome boost after recent difficult years in which it suffered considerable losses.

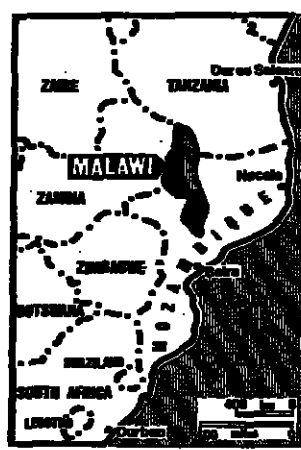
Difficulties at home, with delays and cancellations for some major projects because of environmental opposition, have reduced possibilities on the domestic market and the company has eagerly sought overseas contracts.

The company completed a contract worth about \$200m in China last year. Recently, it has signed a contract worth about \$450m to supply and install electrical equipment for a hydro-power plant in Indonesia.

## Mozambique's guerrilla war has cut a land-locked neighbour's shortest route to the sea

## Transport problems hit Malawi's trade

by Patti Waldmeir, recently in Lilongwe



THE ECONOMY of landlocked Malawi, which is weathering Africa's economic crisis better than most on the continent, is under strain because of serious transport problems which are disrupting trade and putting heavy pressure on the country's balance of payments.

The escalating guerrilla war in neighbouring Mozambique over the past year has severed both the Malawi's traditional lifelines to the sea, leaving the tiny central African country without a rail link to a sea port.

Traditionally, some 90 per cent of Malawi's trade used either the 1,600 km line to the Mozambican port of Beira, or the alternative rail route to the Nacala port in Mozambique, 1,400 km away. By April last year, rebel attacks and deteriorating quality of track had virtually closed both these routes, leaving Malawi dependent for the bulk of its exports and imports on an unreliable and expensive 4,000 km road and rail route to the South African port of Durban.

The impact of disruptions has reverberated throughout the economy. Import costs have risen, putting a strain on consumers and domestic industry which has also been forced to hold abnormally high inventories of imported goods. Petrol and diesel have periodically been in short supply, and motorists complaining of long queues at petrol stations earlier this year.

The tea and tobacco industries, which provide about 70 per cent of foreign exchange earnings, have seen profitability eroded by the effect of escalating transport costs. Malawian auction prices. The sugar industry faces an immediate crisis as world market prices fall below the cost of transporting Malawi's sugar to buyers outside the region.

Overall, Government estimates that the closure of the Beira and Nacala routes is costing the economy some \$50m per year in higher import costs and lower export receipts. The Malawi Chamber of Commerce estimates that transportation costs for most commodities are

The Tanzanian government plans to reinforce the Iduma Bridge over the Klwiri River to provide a temporary alternative to the Runda Bridge across the Songwe River, damaged by heavy flooding in mid-April, according to officials in Dar-es-Salaam.

Runda Bridge, on the Malawi-Tanzania road which gives Malawi access to the Tanzania-Zambia railway and the port of Dar-es-Salaam, was opened last year and provides an alternative to the longer southern route to South African ports.

Since the flooding, goods have been held up at the Tanzanian rail town of Mbeya.

African-backed Renamo guerrillas in Mozambique have fallen flat; rebel activity continues to escalate, leaving Mozambique with no choice but to plan long-term transport alternatives.

Businessmen and diplomats say the Government has acted promptly to ease bottlenecks. Construction of a link road through northern Malawi to the Tazara rail line in Tanzania has opened up a new northern transport corridor to the port of Dar-es-Salaam which, about 2,000 km off the trip to the sea, although many exporters and importers are worried by the notorious inefficiencies of both the port and rail line.

Plans are in hand to build up a domestic road transport fleet (Malawi now relies almost entirely on foreign hauliers) with the help of foreign aid funds and foreign private capital.

Petrol storage facilities within the country are also being improved.

At the moment, however, Malawi is dependent for the bulk of its imports and exports on two alternative routes to Durban: by road to either Harare in Zimbabwe or Lusaka, Zambia and onward by rail to the port. However, the road route to Harare through Tete in Mozambique has been hit by rebel attacks despite the fact that it is guarded by the Zimbabwean army; delays are common on the Zambian route, where economic recession has

led to a shortage of lorries and locomotive power.

Malawi's sugar industry, the country's third largest foreign exchange earner, has been hardest hit by the disruption. Jointly owned by the Louisa Group of the UK and the Malawi Government, the industry has seen transport costs increase beyond the depressed world market price for sugar, making it uneconomic for the country to export outside its limited quota markets in the U.S. and EEC.

By the end of last year, about 137,000 tonnes of sugar were held in stock (total production in 1984 was 156,000 tonnes) and the country's second largest sugar estate, the kwacha 70m (\$35m) Dwangwa project has been unable to service its debts. Tobacco industry officials say heavy transport costs have put a heavy burden on their finances, when the world market is relatively weak and when many estates are still burdened by heavy debts from the 1970s.

Even the tea industry, which enjoyed its best-ever year last year with receipts doubling due to high world prices, is under pressure.

Near-term prospects for reopening the Nacala and Beira lines appear bleak, as guerrilla attacks have recently halted improvement work on the container terminal at Nacala, and the security situation threatens to interrupt the \$200m (£164m) rehabilitation of the rail line to Nacala as well.

## Export insurance move

BY OUR TRADE EDITOR

TRADE INDEMNITY, a leading British commercial credit insurer, is branching out into small, but growing, private market in insuring exporters against "political" risk.

Political risk cover would be provided in conjunction with Lloyd's of London Trade Indemnity taking a share of the risk, the company said.

TI will be offering cover against non-payment due to foreign exchange problems in the buyer-country, against con-

tract frustration or cancellation, and public buyer default.

Mr Jerry Friend, head of TI's export divisions, described the package as a "significant step into a new area of risk taking," but said TI was "not entering the field as a political risk insurer per se."

The problems of the British Government's Export Credits Guarantee Department have encouraged private insurers to fill selectively what they see as gaps in the state scheme's coverage.

## Notice of Redemption

## Philip Morris International Capital N.V.

8½% Guaranteed Sinking Fund Debentures Due 1985

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of June 1, 1971, under which the above designated debentures were issued, Citibank, N.A. (formerly First National City Bank), as Trustee, has selected for redemption the principal amount of \$1,280,000 of said debentures (the "redemption date") at 100% of the principal amount plus accrued interest to the redemption date, \$1,280,000 principal amount of said debentures bearing the following distinctive numbers:

3100 COUPON DEBENTURES BEARING THE PREFIX LETTER M

44 4087 5445 5370 8288 9119 9410 10320 10599 11236 11708 12387 13109 14158 14330
156 4099 5466 5371 8284 8890 9121 9424 10133 10545 11227 11803 12431 13170 14130 14331
243 4100 5467 5374 8288 8892 9122 9426 10136 10546 11228 11806 12440 13176 14136 14332
334 4101 5473 5386 8277 8893 9125 9434 10137 10554 11229 11808 12441 13177 14137 14333
425 4102 5487 5400 8292 8894 9127 9437 10140 10557 11234 11810 12442 13178 14138 14334
516 4103 5491 5407 8292 8897 9129 9440 10143 10560 11237 11811 12445 13181 14139 14335
607 4104 5492 5415 8298 8900 9129 9453 10146 10563 11240 11812 12446 13182 14140 14336
698 4105 5496 5417 8292 8903 9131 9456 10149 10566 11243 11813 12447 13183 14141 14337
789 4106 5497 5418 8292 8906 9131 9459 10152 10569 11246 11814 12448 13184 14142 14338
880 4107 5498 5419 8292 8909 9131 9462 10155 10572 11249 11815 12449 13185 14143 14339
971 4108 5499 5420 8292 8912 9131 9465 10158 10575 11252 11816 12450 13186 14144 14340
1062 4109 5500 5421 8292 8915 9131 9468 10161 10578 11255 11817 12451 13187 14145 14341
1153 4110 5501 5422 8292 8918 9131 9471 10164 10581 11258 11818 12452 13188 14146 14342
1244 4111 5502 5423 8292 8921 9131 9474 10167 10584 11261 11819 12453 13189 14147 14343
1335 4112 5503 5424 8292 8924 9131 9477 10170 10587 11264 11820 12454 13190 14148 14344
1426 4113 5504 5425 8292 8927 9131 9480 10173 10590 11267 11821 12455 13191 14149 14345
1517 4114 5505 5426 8292 8930 9131 9483 10176 10593 11270 11822 12456 13192 14150 14346
1608 4115 5506 5427 8292 8933 9131 9486 10179 10596 11273 11823 12457 13193 14151 14347
1699 4116 5507 5428 8292 8936 9131 9489 10182 10599 11276 11824 12458 13194 14152 14348
1790 4117 5508 5429 8292 8939 9131 9492 10185 10602 11279 11825 12459 13195 14153 14349
1881 4118 5509 5430 8292 8942 9131 9495 10188 10605 11282 11826 12460 13196 14154 14350
1972 4119 5510 5431 8292 8945 9131 9498 10191 10608 11285 11827 12461 13197 14155 14351
2063 4120 5511 5432 8292 8948 9131 9501 10194 10611 11288 11828 12462 13198 14156 14352
2154 4121 5512 5433 8292 8951 9131 9504 10197 10614 11291 11829 12463 13199 14157 14353
2245 4122 5513 5434 8292 8954 9131 9507 10200 10617 11294 11830 12464 13200 14158 14354
2336 4123 5514 5435 8292 8957 9131 9510 10203 10620 11297 11831 12465 13201 14159 14355
2427 4124 5515 5436 8292 8960 9131 9513 10206 10623 11300 11832 12466 13202 14160 14356
2518 4125 5516 5437 8292 8963 9131 9516 10209 10626 11303 11833 12467 13203 14161 14357
2609 4126 5517 5438 8292 8966 9131 9519 10212 10629 11306 11834 12468 13204 14162 14358
2700 4127 5518 5439 8292 8969 9131 9522 10215 10632 11309 11835 12469 13205 14163 14359
2791 4128 5519 5440 8292 8972 9131 9525 10218 10635 11312 11836 12470 13206 14164 14360
2882 4129 5520 5441 8292 8975 9131 9528 10221 10638 11315 11837 12471 13207 14165 14361
2973 4130 5521 5442 8292 8978 9131 9531 10224 10641 11318 11838 12472 13208 14166 14362
3064 4131 5522 5443 8292 8981 9131 9534 10227 10644 11321 11839 12473 13209 14167 14363
3155 4132 5523 5444 8292 8984 9131 9537 10230 10647 11324 11840 12474 13210 14168 14364
3246 4133 5524 5445 8292 8987 9131 9540 10233 10650 11327 11841 12475 13211 14169 14365
3337 4134 5525 5446 8292 8990 9131 9543 10236 10653 11330 11842 12476 13212 14170 14366
3428 4135 5526 5447 8292 8993 9131 9546 10239 10656 11333 11843 12477 13213 14171 14367
3519 4136 5527 5448 8292 8996 9131 9549 10242 10659 11336 11844 12478 13214 14172 14368
3610 4137 5528 5449 8292 8999 9131 9552 10245 10662 11339 11845 12479 13215 14173 14369
3701 4138 5529 5450 8292 9002 9131 9555 10248 10665 11342 11846 12480 13216 14174 14370
3792 4139 5530 5451 8292 9005 9131 9558 10251 10668 11345 11847 12481 13217 14175 14371
3883 4140 5531 5452 8292 9008 9131 9561 10254 10671 11348 11848 12482 13218 14176 14372
3974 4141 5532 5453 8292 9011 9131 9564 10257 10674 11351 11849 12483 13219 14177 14373
4065 4142 5533 5454 8292 9014 9131 9567 10260 10677 11354 11850 12484 13220 14178 14374
4156 4143 5534 5455 8292 9017 9131 9570 10263 10680 11357 11851 12485 13221 14179 14375
4247 4144 5535 5456 8292 9020 9131 9573 10266 10683 11360 11852 12486 13222 14180 14376
4338 4145 5536 5457 8292 9023 9131 9576 10269 10686 11363 11853 12487 13223 14181 14377
4429 4146 5537 5458 8292 9026 9131 9579 10272 10689 11366 11854 12488 13224 14182 14378
4520 4147 5538 5459 8292 9029 9131 9582 10275 10692 11369 11855 12489 13225 14183 14379
4611 4148 5539 5460 8292 9032 9131 9585 10278 10695 11372 11856 12490 13226 14184 14380
4702 4149 5540 5461 8292 9035 9131 9588 10281 10698 11375 11857 12491 13227 14185 14381
4793 4150 5541 5462 8292 9038 9131 9591 10284 10701 11378 11858 12492 13228 14186 14382
4884 4151 5542 5463 8292 9041 9131 9594 10287 10704 11381 11859 12493 13229 14187 14383
4975 4152 5543 5464 8292 9044 9131 9597 10290 10707 11384 11860 12494 13230 14188 14384
5066 4153 5544 5465 8292 9047 9131 9600 10293 10710 11387 11861 12495 13231 14189 14385
5157 4154 5545 5466 8292 9050 9131 9603 10296 10713 11390 11862 12496 13232 14190 14386
5248 4155 5546 5467 8292 9053 9131 9606 10299 10716 11393 11863 12497 13233 14191 14387
5339 4156 5547 5468 8292 9056 9131 9609 10302 10719 11396 11864 12498 13234 14192 14388
5430 4157 5548 5469 8292 9059 9131 9612 10305 10722 11399 11865 12499 13235 14193 14389
5521 4158 5549 5470 8292 9062 9131 9615 10308 10725 11402 11866 12500 13236 14194 14390
5612 4159 5550 5471 8292 9065 9131 9618 10311 10728 11405 11867 12501 13237 14195 14391
5703 4160 5551 5472 8292 9068 9131 9621 10314 10731 11408 11868 12502 13238 14196 14392
5794 4161 5552 5473 8292 9071 9131 9624 10317 10734 11411 11869 12503 13239 14197 14393
5885 4162 5553 5474 8292 9074 9131 9627 10320 10737 11414 11870 12504 13240 14198 14394
5976 4163 5554 5475 8292 9077 9131 9630 10323 10740 11417 11871 12505 13241 14199 14395
6067 4164 5555 5476 8292 9080 9131 9633 10326 10743 11420 11872 12506 13242 14200 14396
6158 4165 5556 5477 8292 9083 9131 9636 10329 10746 11423 11873 12507 13243 14201 14397
6249 4166 5557 5478 8292 9086 9131 9639 10332 10749 11426 11874 12508 13244 14202 14398
6340 4167 5558 5479 8292 9089 9131 9642 10335 10752 11429 11875 12509 13245 14203 14399
6431 4168 5559 5480 8292 9092 9131 9645 10338 10755 11432 11876 12510 13246 14204 14400
6522 4169 5560 5481 8292 9095 9131 9648 10341 10758 11435 11877 12511 13247 14205 14401
6613 4170 5561 5482 8292 9098 9131 9651 10344 10761 11438 11878 12512 13248 14206 14402
6704 4171 5562 5483 8292 9101 9131 9654 10347 10764 11441 11879 12513 13249 14207 14403
6795 4172 5563 5484 8292 9104 9131 9657 10350 10767 11444 11880 12514 13250 14208 14404
6886 4173 5564 5485 8292 9107 9131 9660 10353 10770 11447 11881 12515 13251 14209 14405
6977 4174 5565 5486 8292 9110 9131 9663 10356 10773 11450 11882 12516 13252 14210 14406
7068 4175 5566 5487 8292 9113 9131 9666 10359 10776 11453 11883 12517 13253 14211 14407
7159 4176 5567 5488 8292 9116 9131 9669 10362 10779 11456 11884 12518 13254 14212 14408
7250 4177 5568 5489 8292 9119 9131 9672 10365 10782 11459 11885 12519 13255 14213 14409
7341 4178 5569 5490 8292 9122 9131 9675 10368 10785 11462 11886 12520 13256 14214 14410
7432 4179 5570 5491 8292 9125 9131 9678 10371 10788 11465 11887 12521 13257 14215 14411
7523 4180 5571 5492 8292 9128 9131 9681 10374 10791 11468 11888 12522 13258 14216 14412
7614 4181 5572 5493 8292 9131 9131 9684 10377 10794 11471 11889 12523 13259 14217 14413
7705 4182 5573 5494 8292 9134 9131 9687 10380 10797 11474 11890 12524 13260 14218 14414
7796 41



# Government set for row over profits ruling

BY MICHAEL DUNNE, AEROSPACE CORRESPONDENT



Mr Peter Rees

INDUSTRY is expected to react strongly to a government decision to restrict the increase in profits permitted on non-competitive government work, especially in the defence procurement sector.

A Treasury statement yesterday by Mr Peter Rees, Chief Secretary, said that the new target rate of profit would be 12 per cent on capital employed (on a semi-current cost accounting basis) from today.

This compares with the 11 per cent currently permitted (also on a semi-current cost accounting basis), and the 13 per cent figure recommended recently by the official Review Board for Government Contracts.

The current annual value of Government non-competitive work amounts to about £2.5bn a year, representing about 60 per cent of the Defence Ministry's annual arms and equipment procurement bill.

It has been estimated that had the Review Board's recommendation been accepted fully, it would have added some £50m to the arms bill annually.

The Review Board's 13 per cent recommended rate of return in semi-current cost accounting terms was estimated to be equivalent to a return of 18 per cent in historic cost terms.

Mr Rees's statement also said that the Government was still examining the question of changes in the formula governing the ratio of costs of production to capital employed (the price ratio).

As a result, the Government had decided for the time being to retain the present ratio of 2.24 to 1, instead of adopting the Review Board's recommendation of increasing it to 2.35 to 1.

The Review Board was set up as the main regulatory body for non-competitive contracts in 1968, following the discovery of what were then described as "runaway profits" in the defence field.

The House of Commons Public Accounts Committee, the all-party parliamentary watchdog on government spending, has been particularly critical of such profits, which it claims industry has enjoyed in recent years.

Earlier this year, the Comptroller and Auditor General, Sir Gordon Downey, criticised such profits, which he estimated had amounted to £300m between 1980 and 1984.

Industry itself, however, has argued strongly that the level of profits on non-competitive Government work has not kept pace with the returns available to companies in the rest of the economy.

Ivor Owen writes: The cost in real terms of acquiring the Trident nuclear missile system is, on current estimates, below that envisaged in 1962. Mr Adam Butler, Minister of State for Defence Procurement, told the House of Commons yesterday.

Mr Butler recalled that in 1962 the estimated cost of the Trident system - at September 1981 prices and at an exchange rate of \$1.76 to the pound - was £7.5bn.

He explained "statistically this figure is 81 per cent of the latest estimate of £9.285m announced by Michael Heseltine, the Defence Secretary, in January."

Philip Bassett assesses the Opposition's moves towards an election compact with the TUC

## Labour and unions plan a new strategy

THE OPPOSITION Labour Party's tentative steps - and tentative they are at present - toward a new compact with the unions have suddenly, after years of often rapid talking, gained a new force for one reason, and one alone.

That is the perceptible belief in the party that there is now a real prospect of what once looked unattainable - a Labour win at the next general election.

From frontbenchers to constituency party activists - and, according to the opinion polls, to voters themselves - this significant switch in feeling is having a corresponding impact on morale. Mr Norman Willis, Trades Union Congress (TUC) general secretary, said in a keynote speech this week, "We are on our way back."

Mr Willis's theme of a new dawn for Labour and the unions echoes a speech last week by Mr Roy Hattersley, the party's deputy leader and economic spokesman. It prefaces the likely tone of an address later this week by Mr Neil Kinnock, the party leader, in his heartland of the Wales TUC.

The basis of this feeling is a belief that, after years of being in the saddle, the Conservative Government is being unseated by the very point which Labour movement activists said publicly would be its undoing, but privately seemed to des-

pair of ever having an impact: unemployment.

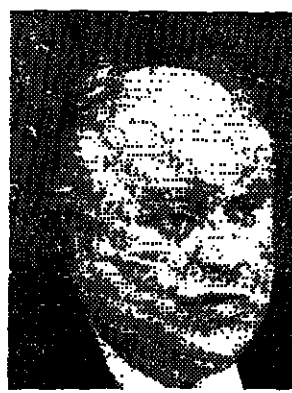
The formation last month of the cross-party Employment Institute is only one factor. The Government, partly through its own efforts in what is widely seen as a complacent piece of work, its White Paper (policy statement) on employment, has helped turn the tide.

Previously, evidence of this shift has looked like wishful thinking on the part of Labour leaders. Now the mood is different, supported by hard, concrete work - a programme which has been taking shape since the beginning of the year under the aegis of the TUC-Labour Party liaison committee.

A product of the 1970s, this committee - comprising union leaders, senior figures on Labour's national executive and representatives of the parliamentary Labour Party - has at times looked unhappy in the harsher 1980s, its thoughts unheeded, its pronouncements judged irrelevant in an economy grappling with recession.

In part, this has been an internal problem. If, as some prominent members of the committee suggest, some key labour leaders had not even been reading the committee's documents, then how could it expect others to do so?

With a change in belief in Labour's election prospects, this year's work by the committee has sudden-



Mr Norman Willis

ly become imbued with a greater significance.

Later this month, both the Labour Party executive and the TUC general council will be asked to endorse a revised draft of a paper which lays out the joint strategy for the two wings of the labour movement for the first period of a returned Labour government.

That strategy is both radical, and not new. It seeks a substantial programme of public investment, totalling some £30bn over five years. It wants to give Britain a breathing space, in terms of foreign competitors, to achieve economic expansion; that may mean import controls. It wants modernisation of industry, a new role for public enter-

prise, better regional planning, more careful skill investment.

It wants a national investment bank to encourage institutions to bring back money they have sent abroad, and a new form of exchange controls if they do not; and it wants a national economic summit to deal with such vexed questions as incomes.

Most of this has been heard before from Labour and the unions. The radicalism lies in a belief that it will or at least might well happen. From that belief comes work to flesh out these policy objectives to form a programme that will be in place before the election.

As a radical strategy, it is not unflawed. For the most part, at present, it has been Labour Party bureaucrats talking to TUC bureaucrats; it needs to be widened. Partly because of that, the feeling on the committee is that some senior Labour figures have not yet fully grasped it. Mr Hattersley is instanced in this regard.

No one believes that the exercise is going to produce a magic figure for pay at which the unions will settle. Given that, the argument is to approach the question of incomes from the standpoint of the component economic parts of inflation: incomes are a factor, but not the sole one.

Although this thinking is at least adroit, it may not, in its current

forms, wash with the electorate. But if that is a difficulty, there is a larger one.

Previous compacts between Labour and the unions have always been reciprocal: the unions have accepted some form of economic planning (with the suspicion, mostly proved right, that sooner rather than later this collapses into an incomes policy) for the *quid pro quo* of advances in employment law.

This time, the TUC-Labour exercise is faced with two problems. Firstly, there will not be an incomes policy-style solution offered by the unions; so how - or why - should there be any corresponding move on Labour's side?

Secondly, the TUC is in any case unclear about what it might want on labour law. At some stage, the unions will have to deal with the growing gap between what they say on the issue, and what they do.

Until that is resolved, no one in the TUC or in the Labour Party is giving serious thought to the issue. Although this is a difficulty, it does emphasise that this year's liaison committee documents are a step towards Labour's eventual election programme. They offer fresh thoughts on unemployment, on wages councils, on unfair dismissal, on the labour market and on the economy. They are not new subjects, but they have been revitalised.

## Housing loans may replace grants

GRANTS FOR home improvements, which cost more than £750m a year, are to be replaced by home improvement loans for all but the poor, in legislation which Mr Patrick Jenkin, Environment Secretary, plans to introduce in the next session of parliament.

His plan is one of several bills in the queue for Cabinet approval and among several important proposals the Environment Department hopes to see included in legislation, among them plans to end the present rates (property tax) system and the removal of private-sector rent controls for new lettings.

As a result, the Government's £935m loans would involve a substantial amount from the public spending totals. In 1983-84, improvement grants cost the Government £935m.

McDONNELL DOUGLAS, the giant U.S. aerospace group, has completed the \$12.5m purchase of Applied Research of Cambridge, a small British computer-aided design company.

The two companies stated that the shareholders of Applied Research had approved the deal, which will make the Cambridge concern a division of McDonnell Douglas's information systems group.

The Cambridge company, formed in 1969 as a result of work in computerised draughting at Cambridge University, sold products worth £6.6m in 1984. Applied Research specialises in computer-aided design systems for the engineering and construction industries.

McDonnell Douglas's information systems group, which already sells the Cambridge company's products in the U.S., reported sales of \$887m last year and aims to quadruple this figure by 1990.

A PROPOSED merger between two of the largest co-operative bodies in the UK - which would create a retail and manufacturing group with annual sales of more than £5bn - has still not been agreed three years after it was first announced.

The merger between the Co-operative Wholesale Society (CWS) and Co-operative Retail Services was first put forward in 1982 as a means of creating a more effective force in the co-op movement in face of fierce retail competition.

ACORN, the troubled home computer group which was rescued by Olivetti earlier this year, has launched a long-awaited enhanced version of the BBC Micro.

The new model - the BBC B Plus - costs £299 and has received a cool reception from some of the leading retail chains which agree that it is too expensive. The B Plus has a larger memory and better facilities than the standard BBC Micro.

## 'Broken promise' over state pensions

By Peter Riddell, Political Editor

MRS MARGARET Thatcher, the Prime Minister yesterday came under strong fire in the House of Commons over the proposed shake-up of the social security system which is due to be discussed by the Cabinet tomorrow morning.

Mr Neil Kinnock, the Labour leader, was loudly cheered by his own backbenchers when he accused Mrs Thatcher of "ratting" on election promises about the future of the state-earnings related pension scheme (Serps) and of being a "liar".

Mr Kinnock said that while robust debate was the system in the Commons, "moderation in our language is essential to civilised debate and I do deprecate words of that kind."

Mr Kinnock agreed that robust exchange was in "the best conventions" of the Commons, while adding that "when the policies that give rise to such language are moderated then the language will be moderated."

Mrs Thatcher deliberately refused to reply to Mr Kinnock's request about the future of Serps. She said that the reviews of pensions, provisions for children, housing benefit and supplementary benefits would be coming before the Cabinet soon, though "it might take more than one meeting to discuss it."

The remaining differences over the estimated costs and savings involved in the phasing out of Serps and its replacement by private pension arrangements were largely settled at a meeting on Monday evening involving Mrs Thatcher, Lord Whitelaw, the Leader of the Lords, Mr Nigel Lawson, the Chancellor, and Mr Norman Fowler, the Social Services Secretary.

Mr Fowler's paper was last night being circulated unchanged around Cabinet ministers. It was pointed out that there were now no problems about figures though it was conceded that the estimate might be open to different interpretations.

Indeed, it appears that the Treasury and the Department of Health and Social Security do retain differing views about the implications of ending Serps. But the Department of Health and Social Security believes that it has made progress in being able to go ahead with its proposals despite last week's reservations from Mr Lawson.

The probability is that the Cabinet will have to have two meetings to discuss the wide range of issues raised by the reviews, even though tomorrow's Cabinet is due to start at the early hour of 9 am. The hope is that the resulting discussion document can be published probably in the third week in May.

# Pan Am's America. £7 Cheaper Than Glasgow.

DETROIT

£55

GLASGOW

£62

LONDON

Yes, it's true. 17th to 31st May you can fly Pan Am from London Heathrow to Detroit for an astounding £55 one way. That's cheaper than the ordinary Glasgow fare!

How come Pan Am's being so generous?

It's a special offer to introduce the new nonstop Detroit service.

You can also return for £55 before 15th June, provided you travel to Detroit before 31st May.

The flight, PA 55, leaves at 9.45am and arrives in Detroit at 12.50pm. It operates Friday, Saturday and Sunday from May 17th until June 1st, when it becomes daily except Monday and Tuesday.

Call your Travel Agent or Pan Am to find out more about this canny offer.

Now you can see why we say...



Pan Am. You Can't Beat The Experience.

Introductory fare, subject to government approval

## Labour confident

By Peter Riddell, Political Editor

MR NEIL Kinnock, the Labour leader, claimed yesterday that tomorrow's local elections would mark "another landmark" in the party's increasing popularity with voters.

Speaking in London, Mr Kinnock said he was "confident" that we will at least hold our share of the county council vote. We will gain new seats and we will stay in the lead in the counties we won in 1981.

The party also released a Market and Opinion Research International survey taken in early March in the English counties. This gives the

Tories 37 per cent, Labour 35 per cent and the Alliance 21 per cent. This compares for example with 48 per cent for the Tories in last year's European elections, nearly 30 per cent for Labour (well up on its 1983 performance) and just under 22 per cent for the Alliance.

The Labour strategy is to concentrate on pushing down the Alliance, vote partly by putting up an increased number of candidates to ensure three cornered fights and thus possibly preventing Liberal or SDP victories, particularly in rural areas.



## UK NEWS

# Tourism 'a top earner for Britain'

By Arthur Sandles

BRITAIN should earn at least £50m in foreign currency this year from tourism, now the nation's biggest employer, Mr Duncan Black, chairman of both the British Tourist Authority and the English Tourist Board, said yesterday.

The UK earned about £5.4bn last year from a little under 14m overseas visitors. A further £3.65bn was spent by Britons within the UK.

Speaking at a tourism conference in Chester Mr Black pointed to the creation of 50,000 new jobs a year by tourism and a return of £178 for every £1 spent by the Government on the industry.

"I can think of no business in Government or out of it which produces a return of this fantastic order," he argued. "We must, therefore, resist misguided efforts to cut back on Government and local authority expenditure on tourism."

Mr Black estimated that some 1.3m people relied on tourism for their jobs. "This makes tourism as an industry the biggest single employer."

"Let there be no doubt in anyone's mind, that tourism is Britain's biggest growth industry" he added.

# Pressure group to fight fixed Channel link

By SUE CAMERON

A CAMPAIGN to stop the building of a fixed link across the English Channel was launched yesterday by a group of ferry companies and other sea interests. They claim that a tunnel or bridge would lose money and would threaten their viability.

The new group - called Flexlink - said proposals for a fixed link were being discussed without any "real debate about the cross-Channel market taking place at all". It added that "vital questions of public interest and safety are being ignored."

Flexlink is planning to lobby the Government and MPs in an effort to halt plans for a tunnel or bridge. The group's members include Dover Harbour Board, European Ferries and its Townsend Thoresen subsidiaries, British Ferries with its Sealink subsidiaries, Dover-speed and Belgian, Dutch, Danish and French sea service operators. The group is hoping to persuade airlines and airports to join its campaign.

Mr Jonathan Sloggett, chairman of the group, said in London that what was on offer from fixed-link lobbyists was "merely a list of fanciful schemes that demonstrates a total ignorance of the requirements of this demanding market."

Mr Sloggett admitted that the ports and sea service operators which had joined Flexlink had a vested interest. But he insisted that they were not afraid of competing against a Channel tunnel or bridge operator.

"If one of the fixed-link schemes gets off the ground there would be a fierce price war. We are not wishing to claim that all of the present ferry services would survive - some marginal ones would disappear. But we are confident that we would retain enough traffic to ensure that the fixed link did not achieve the revenue it would need to be successful."

The net effect would be to reduce choice for customers, to concentrate traffic within a very narrow corridor and turn an industry that is currently viable into one that isn't - and that would be true of both the sea services and the fixed-link service, he said.

Mr Sloggett said that competition from sea services would prevent a fixed-link operator from charging the rail fares or road tolls that would be needed to recoup the £4bn to £5bn cost of a fixed link.

# BCal sets sights on share flotation

By Michael Donne, Aerospace Correspondent

SIR ADAM THOMSON, chairman of Caledonian Aviation Group, which includes British Caledonian Airways (BCA), said yesterday that the group was planning a stock market flotation "at a time still to be decided, but certainly within the foreseeable future."

He was commenting on some top-level management changes designed to gear the group for further expansion in the years ahead, after the recent route-swap with British Airways. In that development BCal took over BA's Saudi Arabian routes, while BA took over BCal's South American network. BCal starts its new Gatwick-New York service today.

Mr Alastair Pugh, managing director of British Caledonian, moves up to become an executive vice-chairman of Caledonian Aviation Group and group director of strategy. He is succeeded as managing director of BCal by Mr David Colman, at present deputy managing director. Mr Trevor Bond, group finance director, also becomes an executive vice-chairman. Sir Adam remains group chairman and chief executive.

The Caledonian Aviation Group comprises BCal itself, British Caledonian Travel Holdings (Blue Sky Holidays, Blue Sky Travel and Jet-Set), Caledonian Airtime, Caledonian Hotel Holdings and BCal Helicopters.

The group is owned privately by banks and other institutions. It has assets of about £250m and capital reserves of about £80m.

The group had earned a record profit of £15.35m in the last financial year, and it was expecting an improved result for the present financial year. "Prospects for the group have never been better," he said.

## CBI quarterly survey of industrial trends

# Brisk recovery 'should continue'

Report by Max Wilkinson, Economics Correspondent

THE UK ECONOMY should continue its recovery at a brisk pace until at least midsummer, the latest survey of manufacturing industry by the Confederation of British Industry (CBI) suggests.

The Quarterly Industrial Trends Survey of 1,544 companies, published yesterday, shows that demand and output have increased at the fastest pace for 12 months, while optimism about exports has risen strongly.

The survey, conducted early in April, suggests that investment will continue to rise steadily in the next 12 months and that company liquidity will improve.

Employment in manufacturing industry is at last expected to stabilise in the next few months after a long period of decline.

The survey is less optimistic about the prospects for inflation, with some suggestion that average costs per unit of output and domestic prices have been accelerating. But the CBI says that in both cases the increase is expected to be moderate. It suggests that cold weather earlier in the year and the sharp decline in sterling could account for these increases.

Confidence has improved since the last quarterly survey in January, with a percentage balance of 13 per cent saying they were more confident than four months ago. The balance is the percentage reporting an increase minus the percentage reporting a decline.

No sector of industry showed less optimism than it did four months ago. The largest improvement was among smaller companies.

Orders appear to have improved more than expected in February, with a balance of 24 per cent reporting a rise. The CBI says: "This suggests an acceleration of the intake of new orders compared with January, when the balance was 13 per cent."

The improvement in order books was most marked for larger firms and those in the capital goods sector.

Order books are the best since 1977, the survey suggests.

Output has also been rising at a faster rate, with a balance of 31 per cent reporting an increase compared with 13 per cent in January. This improvement is about what was expected at the turn of the year.

The survey shows that the trend of improvement in the capital goods sector to be faster than average has been maintained. Larger companies also appear to have been doing particularly well.

In spite of the increase in output, more than half of the companies contacted said that they were working below full capacity.

In the next few months output is expected to continue to rise at a still faster rate, with a balance of 27 per cent expecting an improvement. The survey indicates that the capital goods sector and larger companies will continue to be particularly buoyant.

The survey shows that the largest constraint on output is still lack of orders and sales. Although only 73 per cent of companies cited this factor compared with about 80 per cent in the last three surveys.

Shortages of skilled labour and of plant capacity now appear more of a problem, with shortages of skilled labour cited by 12 per cent of companies as a limiting factor. This is, however, only slightly above the shortages reported in the recession of 1975.

Shortages of plant capacity are affecting 18 per cent of companies, the highest since 1974, and slightly higher than the peak of 15 per cent reached in 1979. The figure is still below the peaks of about 25 per cent reached in earlier economic cycles.

The survey shows little change in

the position of stocks, though some small amount of stock-building is indicated for the next four months. In general, companies still consider stocks too high, with only the chemicals industry reporting inadequate stocks.

Companies' investment intentions in the next 12 months appear more buoyant than in January, but not more so than at the beginning of 1984. The capital goods sector continues to show the strongest investment plans and there has been a revival among the large companies.

The majority of companies continue to invest, mainly to increase efficiency and replace worn-out plant and machinery - 79 per cent citing efficiency and 45 per cent replacement. The proportion mentioning expansion of capacity as the reason for investing rose again, to 28 per cent, the highest figure since 1979.

Conversely, the proportion saying that fixed capacity was more than adequate has fallen to 24 per cent. Companies also seem to be finding that shortage of internal finance and the cost of finance have become more important in restraining investment, with about 20 per cent citing these factors compared with 6 to 10 per cent in the last survey.

The balance of companies reporting a decline in their workforces in the last four months has fallen in this survey to 5 per cent, while smaller companies continue to report that they employ more people.

The survey suggests that, in the next four months, the total workforce will remain broadly unchanged, although there will be some falls in the larger companies. Half the industrial sectors expect employment to rise in the next 12 months.

Average costs per unit of output rose sharply in the last few months with a balance of 40 per cent reporting an increase, the highest figure since the beginning of 1981.

This is broadly in line with expectations in January, after the steady decline in sterling. An acceleration in the rate of increase in companies' selling prices was also expected then. This survey confirms that this has happened, with a balance of 35 per cent reporting price rises.

Cost and price increases are expected to decelerate during the next four months, with the slowest price increases in the capital goods sector and the fastest among makers of consumer goods and metal manufacturers.

Optimism about export prospects in the next 12 months showed a further increase, with a balance of 20 per cent showing a rise. Although this was slightly less than in the previous surveys, the CBI says it still indicates a substantial improvement.

Export order books are reported above normal, with a balance of 6 per cent reporting this - the strongest result yet recorded. In addition, the balance of 30 per cent reporting an increase in the volume of export orders was a record, with the rises spread widely over all sectors.

In the next four months the rate of increase is expected to moderate, with a balance of 19 per cent predicting rises. The CBI says this is still a high figure by historical standards.

The special six-monthly questions on corporate liquidity show a further increase in the year to April. The balance of 12 per cent reporting an improvement for the period was only half the balance that had expected an improvement. The survey shows a fairly steady rise in liquidity reported since the year ending October 1981.

Quarterly Industrial Trends Survey No 96 from Confederation of British Industry, Centre Point, 103 New Oxford Street, London WC1A 1DU

## Notice of Redemption



Wellcome

## The Wellcome Foundation Limited

U.S. \$20,000,000 8 1/4% Bonds Due 1987

NOTICE IS HEREBY GIVEN that pursuant to Section 6(A) of the Conditions of the Bonds, \$1,495,000 aggregate principal amount of such Bonds of the following distinctive numbers has been selected for redemption on June 1, 1985 at the redemption price of 100% of the principal amount thereof:

## 91,000 COUPON BONDS

2501 4944 7686	8429 10136	11832 11803	12284 12667	13622 14670	16441 17029	18228 18646	19676
282 4944 7687	8433 10139	11833 11804	12285 12670	13623 14671	16442 17030	18229 18647	19677
283 4944 7688	8434 10140	11834 11805	12286 12671	13624 14672	16443 17031	18230 18648	19678
284 4944 7689	8435 10141	11835 11806	12287 12672	13625 14673	16444 17032	18231 18649	19679
285 4944 7690	8436 10142	11836 11807	12288 12673	13626 14674	16445 17033	18232 18650	19680
286 4944 7691	8437 10143	11837 11808	12289 12674	13627 14675	16446 17034	18233 18651	19681
287 4944 7692	8438 10144	11838 11809	12290 12675	13628 14676	16447 17035	18234 18652	19682
288 4944 7693	8439 10145	11839 11810	12291 12676	13629 14677	16448 17036	18235 18653	19683
289 4944 7694	8440 10146	11840 11811	12292 12677	13630 14678	16449 17037	18236 18654	19684
290 4944 7695	8441 10147	11841 11812	12293 12678	13631 14679	16450 17038	18237 18655	19685
291 4944 7696	8442 10148	11842 11813	12294 12679	13632 14680	16451 17039	18238 18656	19686
292 4944 7697	8443 10149	11843 11814	12295 12680	13633 14681	16452 17040	18239 18657	19687
293 4944 7698	8444 10150	11844 11815	12296 12681	13634 14682	16453 17041	18240 18658	19688
294 4944 7699	8445 10151	11845 11816	12297 12682	13635 14683	16454 17042	18241 18659	19689
295 4944 7700	8446 10152	11846 11817	12298 12683	13636 14684	16455 17043	18242 18660	19690
296 4944 7701	8447 10153	11847 11818	12299 12684	13637 14685	16456 17044	18243 18661	19691
297 4944 7702	8448 10154	11848 11819	12300 12685	13638 14686	16457 17045	18244 18662	19692
298 4944 7703	8449 10155	11849 11820	12301 12686	13639 14687	16458 17046	18245 18663	19693
299 4944 7704	8450 10156	11850 11821	12302 12687	13640 14688	16459 17047	18246 18664	19694
300 4944 7705	8451 10157	11851 11822	12303 12688	13641 14689	16460 17048	18247 18665	19695
301 4944 7706	8452 10158	11852 11823	12304 12689	13642 14690	16461 17049	18248 18666	19696
302 4944 7707	8453 10159	11853 11824	12305 12690	13643 14691	16462 17050	18249 18667	19697
303 4944 7708	8454 10160	11854 11825	12306 12691	13644 14692	16463 17051	18250 18668	19698
304 4944 7709	8455 10161	11855 11826	12307 12692	13645 14693	16464 17052	18251 18669	19699
305 4944 7710	8456 10162	11856 11827	12308 12693	13646 14694	16465 17053	18252 18670	19700
306 4944 7711	8457 10163	11857 11828	12309 12694	13647 14695	16466 17054	18253 18671	19701
307 4944 7712	8458 10164	11858 11829	12310 12695	13648 14696	16467 17055	18254 18672	19702
308 4944 7713	8459 10165	11859 11830	12311 12696	13649 14697	16468 17056	18255 18673	19703
309 4944 7714	8460 10166	11860 11831	12312 12697	13650 14698	16469 17057	18256 18674	19704
310 4944 7715	8461 10167	11861 11832	12313 12698	13651 14699	16470 17058	18257 18675	19705
311 4944 7716	8462 10168	11862 11833	12314 12699	13652 14700	16471 17059	18258 18676	19706
312 4944 7717	8463 10169	11863 11834	12315 12700	13653 14701	16472 17060	18259 18677	19707
313 4944 7718	8464 10170	11864 11835	12316 12701	13654 14702	16473 17061	18260 18678	19708
314 4944 7719	8465 10171	11865 11836	12317 12702	13655 14703	16474 17062	18261 18679	19709
315 4944 7720	8466 10172	11866 11837	12318 12703	13656 14704	16475 17063	18262 18680	19710
316 4944 7721	8467 10173	11867 11838	12319 12704	13657 14705	16476 17064	18263 18681	19711
317 4944 7722	8468 10174	11868 11839	12320 12705	13658 14706	16477 17065	18264 18682	19712
318 4944 7723	8469 10175	11869 11840	12321 12706	13659 14707	16478 17066	18265 18683	19713
319 4944 7724	8470 10176	11870 11841	12322 12707	13660 14708	16479 17067	18266 18684	19714
320 4944 7725	8471 10177	11871 11842	12323 12708	13661 14709	16480 17068	18267 18685	19715
321 4944 7726	8472 10178	11872 11843	12324 12709	13662 14710	16481 17069	18268 18686	19716
322 4944 7727	8473 10179	11873 11844	12325 12710	13663 14711	16482 17070	18269 18687	19717
323 4944 7728	8474 10180	11874 11845	12326 12711	13664 14712	16483 17071	18270 18688	19718
324 4944 7729	8475 10181	11875 11846	12327 12712	13665 14713	16484 17072	18271 18689	19719
325 4944 7730	8476 10182	11876 11847	12328 12713	13666 14714	16485 17073	18272 18690	19720
326 4944 7731	8477 10183	11877 11848	12329 12714	13667 14715	16486 17074	18273 18691	19721
327 4944 7732	8478 10184	11878 11849	12330 12715	13668 14716	16487 17075	18274 18692	19722
328 4944 7733	8479 10185	11879 11850	12331 12716	13669 14717	16488 17076	18275 18693	19723
329 4944 7734	8480 10186	11880 11851	12332 12717	13670 14718	16489 17077	18276 18694	19724
330 4944 7735	8481 10187	11881 11852	12333 12718	13671 14719	16490 17078	18277 18695	19725
331 4944 7736	8482 10188	11882 11853	12334 12719	13672 14720	16491 17079	18278 18696	19726
332 4944 7737	8483 10189	11883 11854	12335 12720	13673 14721	16492 17080	18279 18697	19727
333 4944 7738	8484 10190	11884 11855	12336 12721	13674 14722	16493 17081	18280 18698	19728
334 4944 7739	8485 10191	11885 11856	12337 12722	13675 14723	16494 17082	18281 18699	19729
335 4944 7740	8486 10192	11886 11857	12338 12723	13676 14724	16495 17083	18282 18700	19730
336 4944 7741	8487 10193	11887 11858	12339 12724	13677 14725	16496 17084	18283 18701	19731
337 4944 7742	8488 10194	11888 11859	12340 12725	13678 14726	16497 17085	18284 18702	19732
338 4944 7743	8489 10195	11889 11860	12341 12726	13679 14727	16498 17086	18285 18703	19733
339 4944 7744	8490 10196	11890 11861	12342 12727	13680 14728	16499 17087	18286 18704	19734
340 4944 7745	8491 10197	11891 11862	12343 12728	13681 14729	16500 17088	18287 18705	19735
341 4944 7746	8492 10198	11892 11863	12344 12729	13682 14730	16501 17089	18288 18706	19736
342 4944 7747	8493 10199	11893 11864	12345 12730	13683 14731	16502 17090	18289 18707	19737
343 4944 7748	8494 10200	11894 11865	12346 12731	13684 14732	16503 17091	18290 18708	19738
344 4944 7749	8495 10201	11895 11866	12347 12732	13685 14733	16504 17092	18291 18709	19739
345 4944 7750	8496 10202	11896 11867	12348 12733	13686 14734	16505 17093	18292 18710	19740
346 4944 7751	8497 10203	11897 11868	12349 12734	13687 14735	16506 17094	18293 18711	19741
347 4944 7752	8498 10204	11898 11869	12350 12735	13688 14736	16507 17095	18294 18712	19742
348 4944 7753	8499 10205	11899 11870	12351 12736	13689 14737	16508 17096	18295 18713	19743
349 4944 7754	8500 10206	11900 11871	12352 12737	13690 14738	16509 17097	18296 18714	19744
350 4944 7755	8501 10207	11901 11872	12353 12738	13691 14739	16510 17098	18297 18715	19745
351 4944 7756	8502 10208	11902 11873	12354 12739	13692 14740	16511 17099	18298 18716	19746
352 4944 7757	8503 10209	11903 11874	12355 12740	13693 14741	16512 17100	18299 18717	19747
353 4944 7758	8504 10210	11904 11875	12356 12741	13694 14742	16513 17101	18300 18718	19748
354 4944 7759	8505 10211	11905 11876	12357 12742	13695 14743	16514 17102	18301 18719	19749
355 4944 7760	8506 10212	11906 11877	12358 12743	13696 14744	16515 17103	18302 18720	19750
356 4944 7761	8507 10213	11907 11878	12359 12744	13697 14745	16516 17104	18303 18721	19751
357 4944 7762	8508 10214	11908 11879	12360 12745	13698 14746	16517 17105	18304 18722	19752
358 4944 7763	8509 10215	11909 11880	12361 12746	13699 14747	16518 17106	18305 18723	19753
359 4944 7764	8510 10216	11910 11881	12362 12747	13700 14748	16519 17107	18306 18724	19754
360 4944 7765	8511 10217	11911 11882	12363 12748	13701 14749	16520 17108	18307 18725	19755
361 4944 7766	8512 10218	11912 11883	12364 12749	13702 14750	16521 17109	18308 18726	19756
362 4944 7767	8513 10219	11913 11884	12365 12750	13703 14751	16522 17110	18309 18727	19757
363 4944 7768	8514 10220	11914 11885	12366 12751	13704 14752	16523 17111	18310 18728	19758
364 4944 7769	8515 10221	11915 11886	12367 12752	13705 14753	16524 17112	18311 18729	19759
365 4944 7770	8516 10222	11916 11887	12368 12753	13706 14754	16525 17113	18312 18730	19760
366 4944 7771	8517 10223	11917 11888	12369 12754	13707 14755	16526 17114	18313 18731	19761
367 4944 7772	8518 10224	11918 11889	12370 12755	13708 14756	16527 17115	18314 18732	19762
368 4944 7773	8519 10225	11919 11890	12371 12756	13709 14757	16528 17116	18315 18733	19763
369 4944 7774	8520 10226	11920 11891	12372 12757	13710 14758	16529 17117	18316 18734	19764
370 4944 7775	8521 10227	11921 11892	12373 12758	13711 14759	16530 17118	18317 18735	19765
371 4944 7776	8522 10228	11922 11893	12374 12759	13712 14760	16531 17119	18318 18736	19766
372 4944 7777	8523 10229	11923 11894	12375 12760	13713 14761	16532 17120	18319 18737	19767
373 4944 7778	8524 10230	11924 11895	12376 12761	13714 14762	16533 17121	18320 18738	19768
374 4944 7779	8525 10231	11925 11896	12377 12762	13715 14763	16534 17122	18321 18739	19769
375 4944 7780	8526 10232	11926 11897	12378 12763	13716 14764	16535 17123	18322 18740	19770
376 4944 7781	8527 10233	11927 11898	12379 12764	13717 14765	16536 17124	18323 18741	19771
377 4944 7782	8528 10234	11928 11899	12380 12765	13718 14766	16537 17125	18324 18742	19772
378 4944 7783	8529 10235	11929 11900	12381 127				



## UK NEWS

## Fresh row over union activity at GCHQ

By David Brindle

UNION LEADERS have appealed to the Government to delay any disciplinary action against staff who have rejoined unions at the Government's secret GCHQ communication centre.

The Civil Service unions have arranged a meeting with Sir Robert Armstrong, the Cabinet Secretary, on May 8. They have asked him to freeze until then the five-day deadline for disciplinary measures. The Government last year banned union membership at GCHQ on grounds of national security.

The new development came yesterday as the controversy surrounding the re-recruited GCHQ trade unionists grew. The biennial conference at Blackpool of the Civil Service Union (CSU) mandated the union's executive to organise industrial action in support of any member dismissed.

There are said to be seven CSU members who rejoined the union after first agreeing to surrender the right to do so after the ban on unions at GCHQ. Only one is so far known to have been given five days to resign again.

The letter sent to the member Mr Des Quinn, threatens "disciplinary proceedings" in the event of his not meeting the deadline. Some union leaders were yesterday taking comfort from the fact that the letter did not say "disciplinary proceedings not excluding dismissal", which is the normal form if dismissal is contemplated.

Union leaders felt that the Government's attitude towards the 100-plus GCHQ trade unionists, reflected in a recent letter from the Prime Minister to Mr Norman Willis, general secretary of the Trades Union Congress (TUC), was that it did not wish to force confrontation.

Mr Peter Jones, secretary of the council of Civil Service Unions, said the Government would make a "tremendous mistake" if it dismissed any of the re-recruited members.

He said Sir Robert would be pressed to stop any precipitate action. Mr Rodney Brinkworth, general secretary of the National Union of Public Employees, said he interpreted the TUC's commitment to a "day of action" in the event of dismissal at GCHQ as a proposal for a 24-hour strike throughout the union movement.

## Britain's gas reserves are uprated by 15%

By IAN HARGREAVES

A 15 per cent uprating of Britain's estimated gas reserves yesterday came as no surprise, after the indications given by the Government earlier this year when it justified its decision to veto British Gas's proposal \$200m import of Norwegian gas on the strength of increased domestic reserves.

But the picture of Britain's oil and gas industry presented in the latest Department of Energy Brown Book also confirms the less encouraging trend of depletion of oil reserves, although the rate of decline in the oil estimates is fractionally lower than in previous years.

Mr Alick Buchanan-Smith, the Energy Minister, described 1984 as "a vintage year" for the oil and gas industry, which in terms of the level of drilling activity, it certainly was.

A record 182 exploration and appraisal wells were drilled, compared with 128 in 1983. Mobile rigs put in a total of 49 rig years, up from 34.2 rig years in 1983.

As a result of this drilling boom, more information became available to the Department of Energy, enabling it to increase the official reserve estimates.

Mr Buchanan-Smith said yesterday that 12 oil companies had increased their estimated gas reserves, contributing to the 6.2 trillion cubic feet (tcf) increase in proven and probable gas reserves.

At 64.6 tcf, proven and probable reserves represent about 26 years

of present UK gas consumption. In addition, the Brown Book identifies 22.7 tcf of remaining "possible" reserves. Possible is defined as possessing a significant but less than 50 per cent chance of being technically and economically producible.

Another record set last year was for the number of new oil and gas developments approved - 15 projects were given the go ahead. So far this year, five approvals have been given and Mr Buchanan-Smith expects a total for the year of 20.

The other major point of interest in the Brown Book is its report on the UK offshore supplies industry, which is currently benefiting from a major sales campaign led by Mr Buchanan-Smith and increased pressure on oil companies to buy British.

Mr Buchanan-Smith is going to Houston next week for the Offshore Technology Conference, a major industry convention. He will also call on senior executives of the major oil companies in New York to press his message that more high technology contracts should be placed with British-owned companies.

Last year, according to the Brown Book, £2.65bn or 74 per cent of oil and gas supply contracts were placed in the UK, compared with 72 per cent in 1983. These figures, however, include orders placed with foreign-owned companies operating in the UK.

## Ford enters talks for supply of engines to other manufacturers

By JOHN GRIFFITHS

FORD is in detailed negotiations to supply its UK-manufactured car and van diesel engines to other volume vehicle producers in Europe.

At least three manufacturers - one each in the UK, France and West Germany - are understood to be at an advanced stage of negotiations to take supplies of Ford's 1.6 litre car diesel or the 2.5 litre directly injected van diesel launched in the Transit last year.

One contract, covering a three-year supply period, is understood to be close to signature.

Ford has acknowledged that "discussions" are going on, but has refused to identify any of the other parties involved. Suggestions that Land Rover, BL's four-wheel-drive

and vans subsidiary, was a potential recipient were dismissed.

The company acknowledged that the Transit diesel was undergoing in-vehicle assessment. "However, at any one time we have a number of engines under assessment in vehicles - you should not read anything into that."

In March, Mr Sam Toy, Ford UK's chairman, said the company was expanding capacity at the car diesels plant at Dagenham by nearly 30 per cent, from 160,000 to 205,000 units a year. About 110,000 of the engines - fitted in the Fiesta, Escort and Orion - were produced last year.

The directly-injected van diesel, which is claimed to be 15 per cent

more fuel efficient than a conventional, indirectly-injected unit, is also produced at Dagenham.

Ford produced 24,000 last year and has the capacity to make substantially more. The engine, which replaced the earlier York model, did not come into production until last spring and an industrial version has yet to be launched. Industrial and marine applications accounted for about half of the total output of the York engine.

While Ford has supply agreements with several small specialist car producers, such as Panther and Reliant of the UK, it has not hitherto been involved in supplying complete engines to rival volume manufacturers.

## Sinclair vehicle chief loses job

FINANCIAL TIMES REPORTER

SIR CLIVE SINCLAIR's electric tricycle venture slithered into a further patch of confusion yesterday when the resident production engineer for the project was made redundant.

The tricycle, known as the C5, is made at the Hoover factory at Merthyr Tydfil, South Wales, by Sinclair Vehicles. Yesterday, the company said that the production engineer, Mr Michael Ford-Hutchinson, had completed his task of bringing the £369 vehicle into production.

Mr Ford-Hutchinson, one of several former De Lorean executives to join Sinclair Vehicles, said he had not been expecting to lose his job.

His redundancy comes only one week after Sinclair Vehicles said it was cutting output of the C5 to 100 a week - one tenth of the previous level and only 5 per cent of the output originally envisaged of 100,000 units a year.

Sinclair denied that Mr Ford-Hutchinson's departure was linked to poor sales. Since its launch in mid-January this year, 8,500 C5s are claimed to have been sold. The company is understood still to have 3,000 of the machines in stock at Merthyr Tydfil even though they went on sale through 400 retail outlets at the end of March.

Mr Ford-Hutchinson's departure is the latest in a series of controversies concerning the C5. Sir Clive

threatened to sue the British Safety Council for defamation over remarks it made about the machine's safety just before it was launched. The C5 then met a distinctly lukewarm reception from the media and within two weeks Sinclair imposed a blackout on its sales performance.

Sinclair is also having to respond to the Advertising Standards Authority that some of the claims made for the C5 could not be substantiated.

Sinclair's hopes are pinned in particular on the arrival of good weather to encourage sales of open-topped vehicles and on the development of export markets. A launch in continental Europe is planned for mid-summer.

## Pru enters unit trust market

By ERIC SHORT AND GEORGE GRAHAM

THE PRUDENTIAL Corporation, Britain's largest life assurance and second largest pensions group with some £2bn of assets under management, is today breaking new ground by launching a unit trust operation selling direct to the public through its countrywide salesforce.

The new subsidiary, Prudential Unit Trust Managers, will operate under the name Holborn - reflecting the location of the Pru in London. Its first products are the Holborn UK Growth Trust and the Holborn High Income Trust.

Until now, the Pru has been involved only in unit trust business in an indirect way as an investment vehicle for its unit-linked life contracts. Now it feels that its main market in the middle income group has tremendous sales potential that has been barely touched by the established unit trust groups.

Exco International has moved to rebuild the leadership of its subsidiary, Gartmore Investment Management, and to quell fears of an exodus of senior managers.

Mr Adrian Collins resigned last week from his post as managing director, followed swiftly by Mr Peter Rintoul, who was in charge of Gartmore's investment trusts. There has been speculation that others would follow them.

Exco yesterday announced the confirmation of Mr Campbell Allan and Mr Douglas Sarchett as chairman and investment director respectively, and the appointment of Mr Stephen Hinchliffe as managing director in charge of finance and administration.

## KENNING FLEET SALES AND CONTRACT HIRE DIVISION

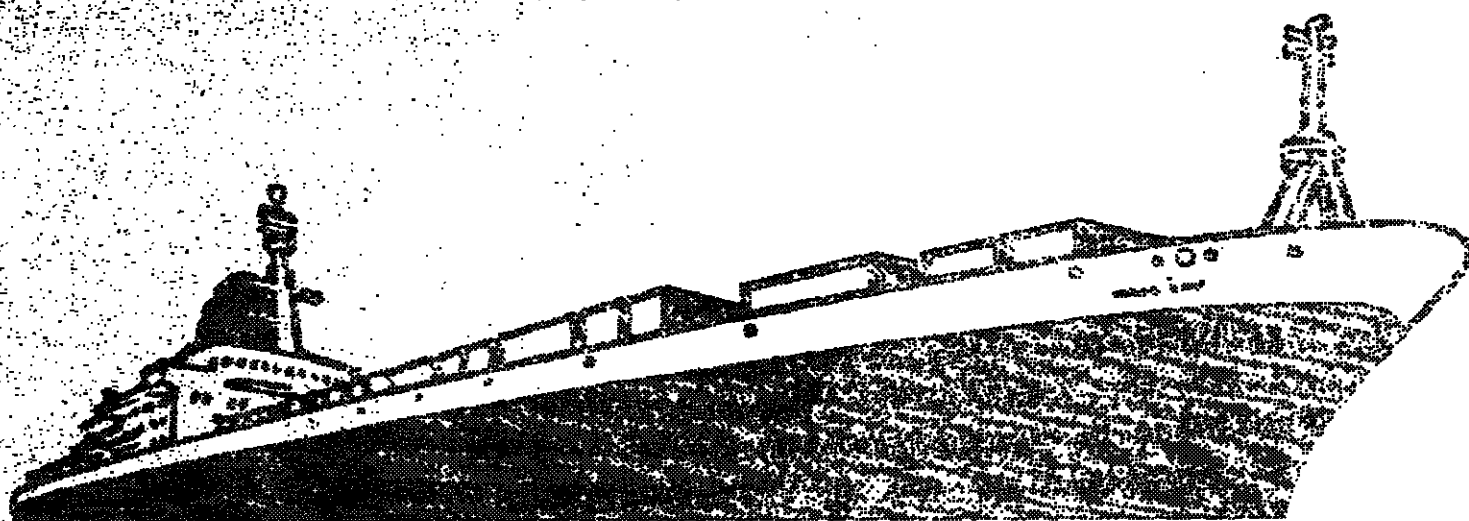
—Specialists who care



KENNING

Kenning Fleet Sales and Contract Hire Division,  
Gladstone Buildings, Clay Cross, Chesterfield Derbyshire S45 9JW.  
Telephone: (0246) 863939

The pace is quickKENNING



## The British exporter's guide to international markets.

In the fiercely competitive world of international marketing, one Company can significantly improve your chances of export success - OCL.

As a major British shipowner and world leader in door-to-door container transport, OCL has been solving problems of international distribution for the past 20 years.

In the process OCL has not only built up a formidable network of container services reaching into the very hearts of major world markets.

OCL has also amassed a wealth of knowledge and expertise which is yours for the asking. Among many other things, it will tell you -

How to reduce high inventory costs by treating OCL's fast, frequent and reliable sailings as an extension of your production line - all the way to your customer's front door.

How to have an edge over your competitors by quoting your exports in terms of delivered price rather than ex-works or FOB.

How to cut through the mass of international regulations, documentation and customs procedures - and so reduce expensive administration and paperwork to the realistic minimum.

How to package your exports in order to save money on distribution - and protect the quality of their out-turn on customer receipt.

How to transport in the optimum way any cargo from the most delicate to the largest or most awkward.

Contact any of our export managers at the OCL offices below for detailed information on how OCL can precisely meet your needs - and increase the volume of your exports - by tailoring its vast resources to you, as an individual exporter to the Arabian Gulf, Far East, Australia, New Zealand, Southern Africa, East Africa, the Red Sea and the Indian Subcontinent.



OCL

The International Trade Mark

Beagle House, Braham Street, London E1 8EP.  
Telephone: 01-488 1313, Telex: 883947.

OCL REGIONAL OFFICES: South East: 01-593-8181 John K. De Wolf South West: 0703-35200 Harry Feeley Midlands: 021-356 6933 Ken Bedward North East: 0532-712255 Rodney English North West: 051-236 9911 Tom Buchanan Scotland: 0236-24922 Ian McInnes



## THE MANAGEMENT PAGE

GENEEN believes that communications between head office and the divisions must be as open and direct as possible. Too many companies are run on hierarchical lines, with central bureaucracies remote from what is happening at the sharp end.

The average organisation, and there are hundreds like it, including the biggest ones we have, is set up with a kind of military management structure, which derives from the general and the lieutenants and all that stuff down there. And you usually have a guy way the hell up on the 24th floor and he always has a corner office, and all the stuff filters up with everybody practising what I will call corporate survival. They manage to filter it a little bit, change it a little bit. By the time it gets there it's supposedly what he wants to hear.

And that's part of what's wrong with our set-up. And if you think about it, a military structure is a war structure. The theory of war is to win at any cost. The theory of business is to win at low cost. So it doesn't exactly fit. There's a tendency not to get what you need down to the bottom.

In his book Geneen speaks of a "gushing torrent" of information pouring into ITT headquarters every month. This material was studied and digested in preparation for the key event of the month, the general management meetings.

We had all the stuff come together once a month, and we'd go into a meeting for a week. It's a huge room—a block long and half a block wide. We have 140 people in there. We'd spend a week digging these down to what the real fact were.

Now at that point we were collapsing about four layers of management. Everybody was in the room. I was in the room, the people in-between were in the room. The division people were in the room. The staff people were in the room. And we'd beat out all the problems. And we'd make decisions in five or 10 minutes that would take weeks going up these daisy chains.

And, most important, we wanted the bad news so we could help. Believe me, the people in a corporation soon learn whether you're after them or whether you're helping them. Our job was to get the problems, and then to see that the people had the support they needed. When they saw that, they'd tell you what the bad news was.

Geneen has very definite views about long range planning. You know, if we had nothing but better earnings for 58 quarters, which is 14 years,

## 'The theory of business is to win at low cost'

If the era of conglomerates is over, Harold Geneen (right), the creator of the modern ITT, is not aware of it. Since his retirement from ITT in 1979, substantial divestments have taken place, but Geneen still believes his approach to running a large group of businesses is valid and worthy of imitation. In London recently to promote his book,\* he talked to Geoffrey Owen



Ashley Ashwood

we must have been doing some kind of long-range planning.

I think some of the best long range planning comes out of your immediate problems and opportunities. And it's very practical when you do it that way. Now that doesn't mean if somebody comes in and says we ought to buy this company and go in that field that you might not just as well, take a shot, go in that field. But very seldom if you take ten fellows out of ten different business courses and they sit down in separate rooms, they'll probably all come up with the same place they all ought to go. And if you do that, you'll find yourself with ten other companies going in.

Semiconductors is a good example. Everybody went into semiconductors in the UK, everybody was in it. So what? Nobody made any money. The familiar criticism of ITT is that no single manager team, however talented and hard-working, can run so many diverse businesses.

Can the same team run all these things? The same team cannot and did not run all these things. If we had hotels, we had a hotel guy that was top notch to run the hotels. If we had an electronics company, we had an electronics guy to run it. What we did at the central area was to open things

up, get out the facts, support them, decide with them that they could grow, or what we could add, things like that.

We bought Hartford Insurance Company, a large acquisition. I sat on the board for 10 years. I learned a lot about insurance. I certainly wouldn't think I could run it. But I got to know enough, and this was key, to understand what their risks were. So that we could say, yes, we support it.

There is a view that the stock market forces U.S. companies to pay too much attention to the next quarter's results at the expense of long-term development. Are there not advantages in the German system whereby the banks are the main sources of capital and short-term pressures are less acute?

I'm not sure it's good. If I look at Siemens' earnings over the years, they probably show 3 per cent on sales as their earnings, though I'm sure they have put aside a lot of reserves. And I don't think that's much of a stimulation to a management. So if you don't have the pressures on you to produce and perform, I suspect your management's going to be a little duller. You're going to live with things you won't want to live with longer.

There's no reason in my

opinion why you can't have short-term performance and do long range planning. They are not mutually exclusive. When I first went into the company (I got in there June 19 1959), they were not going to make the first quarter's earnings. I found out, by a substantial amount. Why? Because everybody was doing "long range planning." And if you spoke to them, they said, well, don't worry about the quarter. Five years from now, four years from now... I said to hell with that. I put out a memo: there'll be no more long range planning.

ITT under Geneen put enormous stress on "the numbers." You don't run the company by numbers. What happens is that you have to have orderly plans and we do it for one year, five years out. If you have 250 companies, everybody says I want to do this. I need this much capital. And you add 'em all up, you haven't enough money to take care of it all. So you try to anticipate that in advance.

ITT was not a company, it was a collection of 250 companies added together. So you needed the numbers to have a plan that you knew you could live with.

Now sometimes as you went along, something happens and the expectations are not being

borne out. Now why they're not being borne out you don't know.

You then went to that point and it told you how important it was, and where it was. And then you got into what the problem really was. And the problem was never numbers. The problem was people, markets, products, all kinds of things came out of that review. That's what you used the numbers for.

Was Geneen uniquely qualified to run ITT, leaving an organisation which his successors could not possibly handle?

I am not a genius, nobody is. Some people work hard, some people don't want to. The one problem with running the kind of programme I described in those meetings, you had to do your own homework. You couldn't sit in these meetings and respond and understand the risks they were proposing and whether you could support them and have the financing and everything, unless you did your homework. So that was a requirement.

What happens is that you learn a little bit this time, next time a little bit more.

And the people out there kept knowing you were trying to help them. And so they'd tell you the problems, and you'd work with them.

Now, we had open communications because we were winning morale. People were growing, they went on from us to start executives of other companies. And these were all the inducements of things that happened. Does this require any special unique... anything? No. First of all, you've got to run it very fair. You can't play politics. In fact the only people I would get rid of without thinking were people who didn't want to work or people who wanted to play politics. Everybody else you try to help through.

I don't think it takes any genius to do it. You've got to do some homework, and you've got to play it straight. And... don't forget I was working since I was 16 on the stock exchange. You do acquire a certain amount of experience that helps you intuitively on your judgments, maybe even emotionally. And, sure, somebody ought to have some of that. He just can't come right out of business school, does that describe a genius? No.

Geneen had a single-minded dedication to improving earnings per share. Was this at the expense of wider obligations to the community?

I figure if you're running a company you've got two or three obligations. One is to your shareholders: that is the ten per cent growth in earnings per share. But you also have it to the employees. Now, I felt very gratified that in 1974 when we had the world crash, we had probably close to 400,000 employees. I don't think our employment dropped 2 per cent. And that's because we were doing our homework at those meetings.

I think my first contribution to the community is to see that we've got an efficient company so the jobs in the damn thing aren't going to be knocked off by some fellow in Korea every other day.

Then the second thing I have seen is that so many people get taken in by their environment, and pretty soon they're what I call statesmen, and they're out giving speeches instead of running the company. And let me tell you, nothing worse happens to a company than when the guy who's in charge and who has the final decision, isn't there to make it. Much better that he turns it over to somebody and then goes out making his speeches.

I was on committees to put drop-outs to work for the president, all that kind of stuff. And you did a certain amount but I didn't go seek it to the exclusion of what I thought was my responsibility. Or to put it differently, whatever time I spent doing that, I had to make up at night.

\* *Managing, Granada £7.95.*

## BUSINESS PROBLEMS BY OUR LEGAL STAFF

## Compulsory purchase

Our cafe was subject to a compulsory purchase order. The basis of the compensation was "value to claimant," having lost our livelihood in a long established business.

I have been told that this basis is not subject to capital gains tax as the compensation must be a time loss and it seems could be comparable to that of the courts in assessing damages for loss of future earnings. Does this compensation come under section 19 (5) of Capital Gains Tax Act 1979 and therefore is not chargeable?

If it is chargeable, is the sum in question apportioned for tax purposes as it was paid in two separate years? In the event that you should suggest an accountant, I should add that we had vetted and I would prefer to deal with these questions.

Unfortunately section 19 (5) does not cover compulsory purchases. Since you do not wish to seek professional guidance through the tax maze, you will have to spend an hour or so in a local reference library with, say, the British Encyclopedia or Simon's Taxes. Start by looking at the section III of the CGT Act.

You should ask your tax inspector for the free pamphlet CGTII (CGT and the small businessman).

There is really no detailed guidance which we can give you without more background facts and figures than could conveniently be contained in a letter, we are sorry to say.

**Planning control**

I own a cafe on the roof of which is painted the word CAFE in large letters. The sign has been on the roof since 1933 and has been repainted from time to time. The planning authority has recently objected to this sign and has issued a Magistrates Court summons referring to the sign as an advertisement and ordering its removal.

Is the sign an advertisement? Can I be ordered to remove it after more than 50 years?

You appear to have an established right to maintain the sign since it has been there for more than 50 years, and any breach of planning control, to be the subject of an enforcement notice, must be a breach effected after the end of 1963. No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

discounted rates for a short opening period. The new hotel should be seen against a background of increasing competition between Singapore and Kuala Lumpur to be the business hub of the region.

THE cost of year-round travel insurance for the business person on the move appears to be tumbling. Latest entrant is Accident and General with a Gold Plan policy. It competes with the American Express Centurian scheme which is only available to cardholders and is run by Europ Assistance. The Gold Plan, with different rates for the length of time spent abroad and for UK, worldwide or European cover can be cheaper than the American Express scheme—a basic £28 for those who confine their travel to countries near to the UK. Up to 31 European days would cost £19.50.

The cover is a little different in the two schemes however. The American Express scheme remains the best, but for the frequently globe-trotting occasional skier—winter sports double the Gold Plan fee.

SHANGRI-LA hotels, one of those groups constantly mentioned in "which-is-the-best" arguments over Asian establishments, has just opened a property in Kuala Lumpur, the Malaysian capital. There are

Arthur Sandles

WATCH for a price and service war between car rental companies at London's Heathrow airport. Budget has taken over the former Swan National slot at the airport with in-terminal desks. Swan, not to be outdone, is cruising the airport with luxury coaches which are fitted with phones as well as free hot coffee on tap. Budget is promising a big campaign to drum up business, with the Airport Authority also launching a major publicity effort for all the rental companies. The result could be lower rates and better service all round—temporarily at least.

SHANGRI-LA hotels, one of those groups constantly mentioned in "which-is-the-best" arguments over Asian establishments, has just opened a property in Kuala Lumpur, the Malaysian capital. There are

### WHEN YOU CAN'T MIND YOUR OWN BUSINESS, WE'LL DO IT FOR YOU.

Tough meetings and hard bargaining don't give you the time to worry about routine. Which is why Hilton puts its Business Centres at your service. Telexes, letters, photocopiers, or literature courier service. Leave them to us. And leave yourself free to take care of your business.

Abu Dhabi  
Al Ain  
Bahrain  
Dubai  
Fujairah  
Kuwait

For reservations call your travel agent, any Hilton International Hotel or Hilton Reservation Service—in London 631 1767 and elsewhere in the UK Freephone 2124.

## HILTON INTERNATIONAL GULF

WHERE THE WORLD IS AT HOME™



### Fine art is a Japanese tradition.

Therefore, it's no surprise that Japan Air Lines has perfected the art of First Class travel.

A traditional, caring service that has helped Japan Air Lines become No.1 among international scheduled airlines, according to latest IATA Statistics.

Experience this style of service on our daily one-stop flights to Tokyo and beyond.

We give you space in the air. The chance to relax in complete comfort.

Our Sky Recliner seat was especially designed

for JAL and is sumptuously padded from head to toe. So you can stretch right out and enjoy a really restful sleep.

And we treat you as the honoured guest you are. Offering superb cuisine, from a wide range of international dishes, all served with the world's finest wines.

But most of all, we offer luxury as a fine art. As only the Japanese know how.

So travel First Class with us. We promise you'll never forget the experience.



### JAPAN AIR LINES

The longer the flight the more the details matter.

BUILDING IN BRITAIN



**VOTED SPORTS COUPE OF THE YEAR**  
By What Car? & Motor

# Power and beauty.

The Nissan Silvia Turbo ZX is a beautiful sports coupé that can perform as well as it looks.

The flowing lines and superb styling detail are the artistic work of the Nissan design team charged with producing the definitive sports car for power and beauty.

The Silvia is beautiful to drive too.

You can opt for the silky smooth five speed gearbox or the automatic with electronic overdrive.

Either way you'll find the Silvia ZX gentle around town but with more acceleration than a Porsche 924 should you need it, and a top speed of 130mph.

Precise rack and pinion steering with the option of power assistance, a suspension system developed from rallying and ultra low profile tyres ensure that the power is matched by perfect handling.

And the Silvia ZX has the comfort and interior features you would expect in cars

costing considerably more.

You're cosseted in luxurious seating and wrapped in stereo sound by the four speaker digital, multiplex cassette/radio system with a special seek and scan facility.

Everything in fact, for your comfort leaving you to enjoy driving a beautiful sports car with space for four people and their luggage.

Test drive one at your Nissan/Datsun dealer now.

At £9,546\*, even the price is beautiful.



## The Nissan Silvia ZX.

**Nissan is Better.**  
**NISSAN**



**BUILDING IN BRITAIN**

\*SILVIA TURBO ZX MAXIMUM PRICE £9,546. AUTOMATIC TRANSMISSION AND POWER STEERING OPTIONAL EXTRA. ALSO AVAILABLE WITH RALLY BRED D.O.H.C. 16 VALVE 2 LITRE ENGINE AT £9,995. PRICES CORRECT AT TIME OF GOING TO PRESS, EXCLUDING DELIVERY AND NUMBER PLATES. NISSAN UK LTD, COLUMBIA DRIVE, DULWICH, WORTHING, WEST SUSSEX, BN13 3HD TEL. (0903) 68561.



## THE ARTS

Television/Christopher Dunkley

## A versified atrocity report, but a plodding vision of hell

What on earth can television do with a play like *Titus Andronicus* (not that there are many like it) which makes *The Sweeney* look like "Little Red Riding Hood"? ... though, come to think of it, "Little Red Riding Hood" is pretty horrific. Kenneth Tynan called *Titus Andronicus* "a versified atrocity report" and looking at the plot you see his point: Titus has Tamora's son taken from him to appease the grieving shadows of Rome's dead, the appeasing of ghosts being a major feature of revenge tragedy. In response Tamora's surviving sons not only kill Titus's son-in-law Bassianus, they also take it in turns to rape his daughter Lavinia, and in order to stop her telling they cut out her tongue and chop off her hands. Furthermore they shift the blame for Bassianus' death to two of Titus's sons and then tell Titus he can save them from execution only by cutting off his own hand and sending it to the emperor. When Titus does so — right there in full view of the audience, this being Elizabethan melodrama, not Greek tragedy — it is sent straight back accompanied by his sons' severed heads. Then things start to get nasty. Titus catches Tamora's sons, strings them up and invites Lavinia (who has been wandering about with blood running out of the ends of her wrists) to help him, telling the miscreants: "Hark wretches! How I mean to marry you!"

This one hand yet is left to cut your throats whilst that Lavinia 'twixen her stumps doth hold the basin that receives your guilty blood." He duly kills her, then kills the lads up finely, bakes them in a pie, and serves it up to their mother at a banquet. This proves a difficult meal. Titus tells Tamora what she is eating and kills her, then kills his own daughter ("Because the girl should not survive her shame") and is promptly killed himself by Tamora's husband, who is in turn killed by Lavinia, Titus's last surviving son. Lucius is elected emperor and his first act is to have Aaron, the real villain of the piece who planned everything behind the scenes, buried up to his chest and starved to death. Aaron, incidentally, is black. Perform this plot in modern

dress, call it "I Spit On Your Tomb" and issue it as a video cassette and you would find yourself in court quicker than you could say "Whitehouse." Some modern theatrical productions have cleaned up the action, setting the earliest parts in a modern setting. But for the final production in the BBC's entire Shakespeare canon director Jane Howell and producer Shaun Sutton decided to do it straight showing everything the Elizabethans would have shown. That was probably the right decision, and the result was an impressive example of this sort of production, "this sort" being a theatrical staging within a television studio, which has been the BBC's practice with most of the plays. At best, with the tomb scenes in *Titus*, the naturalistic look was highly convincing and at worst, with the forest scenes, no amount of murky lighting and tight shot construction could conceal the flatness of the floor or the artificiality of the trees. To this extent *Titus Andronicus* fairly represented the BBC's entire Shakespeare undertaking. It was workmanlike, it included few contemporary quirks or foibles, the text was paramount, there was no pretentious Freudian or Marxist interpretation. Thanks to this approach the series will doubtless continue to sell world wide for decades. Already 41 countries have agreed to take the collection (which is, so far, the only way the BBC will sell it).

The standard reaction to what Clive James called "The Bardathon" is that, if export earnings and student requirements were the two paramount considerations, straight if somewhat unadventurous, unexciting renderings were inevitable. But we should not let the great seven-year venture pass without musing briefly on what might have been. Just supposing there had been one producer instead of three (Cedric Messina, Jonathan Miller and Shaun Sutton)? Just supposing the producer had been encouraged not to go for "theatrical" versions but to exploit all the techniques of the electronic medium to bring Shakespeare to today's British viewing public (and never mind students in Nebraska or Nigeria or where), what might we then have seen? We have vague ideas from Olivier's cinema version of Henry V, Jon Scofield's 1974 *Antony and Cleopatra* for ATV, and Trevor Nunn's 1979 *Macbeth* for Thames. Some people believe that it was because the BBC-Bardathon avoided "experimental" techniques that it confirmed so powerfully the genius of William Shakespeare, a writer whose understanding of human nature has proved so profound as to be timeless. But I believe it was despite avoidance of the experimental: a true television Shakespeare might well have made our realisation of his astonishing timelessness even more vivid; his work has so far transcended every successive change in the conventions of presentation, to speak with unique clarity to each generation. The BBC should have had the courage to go for broke with a real television series. As it was, the most valuable service was in producing the plays one had never seen before. In my case these included *Henry VIII*, *Richard II* and *The Two Gentlemen of Verona*; everyone will have a personal list. It would be over-charitable, however, to suggest that these sub-theatrical productions offered true substitutes for seeing the plays in a theatre. Though certainly better than nothing for millions who never get to the theatre, television is an inferior medium for great theatrical drama. Whereas novels of the second rank may actually gain from adaptation to a medium which is so alien to the theatre, plays of the first rank, even a second rate play can sometimes produce a magical evening, thanks to the alchemy which works between audience and cast. No play on television can benefit in this way. Without this willing conspiracy a play such as *Sartre's "Huis Clos"* (which is shown up for what it is: a plodding Shavian disputation which needs to be read rather than watched, because virtually nothing happens throughout its 100 minutes) or *Corset* (which helps a little to have Jeanne Moreau, Omar Sharif and especially Cherie Lunghi to look at, but the idea that BBC1



Brian Protheroe as Saturninus and Eileen Atkins as Tamora in "Titus Andronicus" last Saturday, and Omar Sharif, Jeanne Moreau and Cherie Lunghi in last Sunday's play, "Vicious Circle," by Jean-Paul Sartre

should be under some sort of "obligation" to show work of this sort in peak time is paternalistic snobbery. This particular play takes an inordinately long time to make the point that "hell is other people"; the sort of aphorism which Shakespeare would chuck in as a subordinate clause while saying something more profound. But even if it had much more to tell us it would still be odiously patronising to argue that such work "ought" to be shown on BBC1 in order to catch unaware those who have just been watching *Ronnie Corbett in Sorry!* and those waiting for *Esther Rantzen in That's Life*. This attitude smacks of do-gooders who offer soup to tramps provided they join in the prayer-meetings. Furthermore, in the age of the arm-rest channel changer it is, anyway, little more than an ineffectual nuisance: inertia is rapidly going out of date as the chief tool of the schedule builder. In 1985 the condescending Rethian idea of slipping the audience a cultural

Mickey Finn should be abandoned. The controller of BBC1 should no more be expected to put *Sartre* in his schedules than should the controller of Radio 1. The place for *Sartre* is BBC2. The biggest drama audience of the week will doubtless be won by ITV's American mini-series *Wallenberg: The Last Hiera*. Many will take this as proof of its undemanding nature. Yet judging from previous excellent documentaries about the Swedish diplomat who saved so many Jews from Nazi gas chambers (documentaries watched by tens of thousands) this glossy entertainment is telling a remarkably accurate story (and converting it to tens of millions). It is not Shakespeare, of course (neither is *Titus Andronicus*, according to some scholars), but it is made for television. If forced to choose between *Titus* and *Wallenberg* for a television audience unfamiliar with either I would unhesitatingly choose *Wallenberg*: a story more important, less violent, more noble, and infinitely better presented for television.

## New arrangement for Ambassadors

The Ambassadors Theatre will be taken over by a new management company from May 18 following the termination of the Theatre of Comedy's agreement with the theatre. The newly formed Ambassadors Management Limited consists of Eddie Kulukundis, John Wallbank, Andre Ptaszynski

and Tinker Jay, whose father built the theatre in 1913. The policy of the new company will be to develop the theatre into a West End home for small-scale plays and musicals, with particular emphasis on presenting the comic talent now working on the Fringe.



Antony Sher as Richard III in the RSC production which transferred from Stratford to the Barbican, London, last night

## Doktor Faust/Teatro Comunale, Bologna

William Weaver

Busoni's *Doktor Faust* — even more than the rest of his music has had an uneven, inadequate performance history. At his death in 1924, the composer had not quite completed the last act. His devoted pupil, Philipp Jarnach, quickly patched together a finale, and the opera's posthumous premiere took place in 1925. Translated into Italian (the half-German Busoni wrote his librettos in his mother's tongue) the opera was not heard in Italy until 1942, at the Maggio Musicale in Florence. Since then it has had a handful of productions in Italy, Germany, and Switzerland; but it has remained very much a "festival opera", a work to be mounted on special gala occasions, usually greeted by respectful acclaim from the critics and by polite yawns from the audience. Bologna's Teatro Comunale — which has a long tradition of bravery (the first Italian performance of a Wagner opera was given there) has now staged its first *Doktor Faust*, a production that not only has been hailed with ecstatic reviews but has also been playing to sold-out houses. Perhaps the opera's fortunes have taken a new turn.

Part of the opera's new success might be due to the production, which obviously met with the public's approval. Making his opera debut, German film director Werner (Fitz-corraldo) Herzog firmly asserted that he belongs to the "ignore the libretto" school. Thus we saw Faust not in his study but in a hand, scaling a paper-matched sky; and the sumptuous gardens of the Duke of Parma were, instead, an Arctic ice-floe where a ship was apparently caught fast. Though perhaps irrelevant, the sets and costumes of Henning von Cleve were of a high, but powerful, tenor. Wolfgang Fassler could not meet all the score's demands, but he at least gave a good indication of what Busoni had in mind. This Bologna production was also of musicalological importance. Some years ago Antony Beaumont, the scholar and Busoni specialist found some autograph sketches, apparently not known to Jarnach in 1925, that have allowed a new, and more plausible, reconstruction of the unfinished last act. It flowed seamlessly from what preceded it, and the opera's ending was moving and impressive. At La Scala last week the Handel anniversary was observed, albeit in scaled-down form: a concert version pre-

sentation of *Alicia*. Elsewhere in Italy (as Max Loppert has reported in these columns) there have been successful, fully-staged productions of Handel operas; but La Scala's problems apparently forbade anything of the kind. In the event, the *Alicia* was pleasant, thanks to an array of fine singers (and to the peerless score itself). Andrew Parrott conducted stiffly; but fortunately the individual Scala players — notably the splendid cellist Antonio Paoletti — could, now and then, in their solo passages, infuse the warmth that Parrott seemed deliberately to exclude. In the title role, Luciana Serra was in brilliant voice; her Ruggiero was Mimi Lerner, a last-minute replacement, who seemed to grow into the part as the evening progressed and, in the crucial last act, was incisive. Other members of the cast included the crystalline Antonella Bandelli (Morgana), the clear and musical Curtis Rayam (Oronte), and the deep-voiced Bernadette Manca di Nissa (Bradamante).

For a commemoration, this *Alicia* was a bit parsimonious with some of the splendours of the original, but it was never boring or unenjoyable.

## Golden Girls/The Pit

Martin Hoyle

Louise Page's women athletes have sprinted into EC3 from leafy Warwickshire; from Stratford's other place to similar studio conditions at the Barbican's Pit, Barry Kyle's RSC production has a suitable team feeling to it. Fine ensemble playing holds the attention of even someone like myself who (unlike Michael Coney, who enthusiastically reviewed the premiere) mistrusts sport and the fanaticism it engenders. The play depicts pressures working on a group of runners, five women and the one man who for reasons of emotional interest is of the party, as the girls prepare for the relay at the Athens Olympics. Sponsorship, in the form of a shampoo firm, whom Polly James seems to itch to blow up into fully-fledged satire when the characterisation is not really robust enough. And to have an apparently sensible member of the team trigger the denouement by confiding her fears about drugs to the muck-raking journalist, is simply implausible. However, disbelief is suspended, sometimes as effortlessly as the weights the athletes use in training; thanks to the efficiency of production and performance. Jimmy Yuill's Scots trainer, a former athlete turned paunchy, and Jennifer Pierey's doctor, her play at boosting the girls' confidence going tragically wrong, are completely believable. Josette Simon's Dorcas starts angry and ends resigned. If I was never quite sure of what came between the fault lies with the author.

Further weaknesses include a stereotype hack given to mumbled "I need a scandal for my career" and "nobody knows who I am any more" (come, come, Ms Page; you can do better than this); and an under-developed representative of the shampoo firm whom Polly James seems to itch to blow up into fully-fledged satire when the characterisation is not really robust enough. And to have an apparently sensible member of the team trigger the denouement by confiding her fears about drugs to the muck-raking journalist, is simply implausible. However, disbelief is suspended, sometimes as effortlessly as the weights the athletes use in training; thanks to the efficiency of production and performance. Jimmy Yuill's Scots trainer, a former athlete turned paunchy, and Jennifer Pierey's doctor, her play at boosting the girls' confidence going tragically wrong, are completely believable. Josette Simon's Dorcas starts angry and ends resigned. If I was never quite sure of what came between the fault lies with the author.

## Patricia Rozario/Purcell Room

Richard Fairman

The first song of the evening is often important. For the opening item in this Purcell Room programme Patricia Rozario, one of our most attractive young recitalists, gave us "Care selfe from Handels's *Alcina*" and immediately showed what a good choice she had made: first, because she was clearly at home with it and set the audience at ease; and second, as her exemplary singing of instead of the good idea of what was in store.

In some composers' this makes her already very satisfying. Not Granados, which needs more bite; but the simpler Schubert settings and many of her French songs, like Strauss's "Le Chant du Cygne" which were exquisite. André Caplet's "Forêt" typically summoned up a Peléas-like forest of sultry colours and stifling desire with apparently no effort at all. But in others, like the most challenging, she still has further to go. Strauss, with his "Befreit," is one such example: this song, enigmatically balanced between joy and despair, a supremely difficult task for the singer and the concentrated pause before she began suggested that she realised it too. But her singing, deeply felt as it clearly was, barely hinted at the abyss of feeling that lies beneath its notes. Still, she has time on her side. And with an artist who evidently loves the songs she sings so much, it seems there will be years of pleasure to come.

## Hallé/Festival Hall

Andrew Clements

Rossini's *The Journey to Reims* was rescued last year from oblivion and given its first performance this century at the Rossini Festival in Pesaro. It was described here as "a captivating display of science, character, music, grace, skill and high spirits," and its overture turned up on Monday in the Festival Hall, to begin the Hallé Orchestra's concert under Stanislaw Skrowaczewski. It proved to be a rudimentary overture even by Rossini's standards—a short slow introduction and a bipartite allegro, each half ending noisily, but packed full of pretty tunes, of the kind which have a tendency to surface in the memory at the most inopportune moments. The Hallé played it crisply and perkily, as it did the remainder of the programme. Skrowaczewski drilled his forces well, and in Shostakovich's Tenth Symphony encouraged them to an impressive display of virtuosity. Though he

rather forced the scherzo so that it emerged manic rather than violently demonic, the remaining movements were highly successful. There is more grimness to be mined from the opening Moderato than allowed here, but the main climax was shattering enough, and the pieces were picked up in carefully sustained paragraphs. The briskness of much of the symphony can be something of a surprise after Chopin's second piano concerto, in which the conductor indicated a fondness for slower tempi than usual. Perhaps they were favoured by the soloist Emanuel Ax, though he served us his Chopin with a tenderness whenever he got the opportunity. Skrowaczewski nevertheless injected a good measure of fire into some of the tutti, to which Ax's very clean-cut playing was a model. Everything was delicately shaded, but in a way that seemed impersonal, as if the performance was intent to get by on its exemplary good taste.

## Saleroom/Antony Thorncroft

## 20th century treasure

Christies yesterday sold late 19th and 20th century decorative art. The morning session totalled £247,940 with 19 percent bought in. This relatively high figure was mainly accounted for by the failure of two carpets, designed by Henry Deane for Morris and Co around 1890, to find buyers. They were unsold at £15,000 and £12,000. A third carpet from the same source sold for £21,600. All three had been sent to the auction by the Adelaide Club of Australia who were given them by the original owner, Tom Barr-Smith in 1923. An oak music cabinet designed in 1898 by C. F. A. Voysey, sold for £22,400 to the Fine Art Society. It was originally made for Ward Hughes of Bayswater who commissioned the famous Kelmscott Cabinet from Voysey. The price was double the pre-sale estimate. In the 1950s the same

cabinet had been completely unappreciated and had sold for £50. A Bauhaus oak lath armchair designed at Weimar in 1924 by Marcel Breuer sold for £22,240. It looks very primitive with strips of stained oak set at right angles, with a brown canvas slung seat, back and shoulder rests, but it is famous in the development of 20th century craft. A Wakeley and Wheeler silver cup and cover designed by Gladstones and carved and engraved by Fred in 1935 went for £8,100. The same buyer also paid £6,480 for a "Girl with a Cigarette" bronze and ivory figure cast and carved after a model by Bruno Zack around 1925, and £5,540 for a beach dancer in the same materials by Ferdinand Preiss. A bronze and ivory figure, Starlight, from a model by Ciparous, sold for £7,560.

## André Previn Music Festival

From June 16-30 the Royal Philharmonic Orchestra and its music director Andre Previn will take over both the Royal Festival Hall and the Queen Elizabeth Hall in a series of concerts and recitals featuring leading figures in the field of jazz and entertainment, as well as classical music. Among the artists performing at the Festival Hall will be Vladimir Ashkenazy, Pinchas

Zukerman, Yo Yo Ma, Kyung Wha Chung, Kristian Zovatto, Dame Janet Baker, Lucia Popp and Thomas Allen; Ravi Shankar will present an evening of Indian Classical Music and the world of jazz. Ella Fitzgerald, Oscar Peterson and Buddy Rich will appear. At the Queen Elizabeth Hall Michael Tippett and Yehudi Menuhin will appear with the Yehudi Menuhin School.

## Arts Guide

## Theatre

## LONDON

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blake-more's brilliant direction of backstage shenanigans on tour with a third-rate farce is a joy factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's roller-skating fully has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling second on indistinguishable rushing around. Disneyland, Star Wars and Cats are all influences. Fastidiously score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 8184).

On Your Toes (Palace): Rodgers and Hammerstein's musical is a genuine tonic. American jazz dance collides with the Ballet Russes. Gems include *The Small Hotel*, *Glad to be Unhappy* and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6544).

Great Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's top-dressing extravaganza has been regrettably received. American Clive Leach is a real find. (437 6544).

Peggy Sawyer, and Margaret Courtenay has a field day (836 8188). *Me and My Girl* (Adelphi): Sleek, efficient and enjoyable revival of British biggest war-time musical hit with Robert Lindsay in the Lipino Lane role emerging as the best new musical star since Michael Crawford. (836 7811).

Other Places (Duchess): Colin Blakely and Dorothy Tutin in a reassembled trilogy of Pinch plays: *A Kind of Alaska* in which a victim of sleeping sickness awakes after 20 years; *Victoria Station*, a funny throw-back to Pinter's early revue sketches; and *last year's One for the Road*, a chilling piece of insubstantial post-state confrontation with first Fintressque intimations of political despair. (836 6243).

The Case Mutiny Court Martial (Queen's): Charles Heston was carefully on and off in Herman Wouk's famous courtroom thriller without disturbing too many memories of the *Ballad of Buster Brown*. The act he even acts a little, which proves rather more alarming a spectacle than when he is merely heavily armed and in a somewhat listless state. (734 1108).

The Government Inspector (Olivier): Striking but unfunny revival with under-equipped TV comic Rik Mayall playing the pious as a shrieking nose-picker. Richard Eyre's produc-

tion for the NT lacks either comic tension or true delirium but, with John Guter's imposing design of bureaucratic bunnies, the show has a sort of monumental stinkiness as well as nightmarish bedlam. New translation by Adrian Mitchell. (836 2352).

Barrons (Victoria Palace): Michael Crawford returns to London with his breathtaking performance as the circus impresario, adding one or two new tricks in a likeable margin of a musical. (834 1317, 828 4755).

Jumpers (Aldwych): Confident almost sober revival of Tom Stoppard's glittering comedy of love, murder and linguistic mayhem among the logical positivists, with Paul Edgington a more earth bound George Moore II than was Michael Hordern. Felicity Kendal delightful as his retired musical comedy wife. Peter Wood directs. (836 8474, 876 8353).

Richard III (Barbican): Last year's Stratford-upon-Avon production with Antony Sher demagogically exciting as Richard in the RSC revival by Bill Alexander. Fine repertory with Roger Rees as Hamlet and Kenneth Branagh as Henry V. All worth seeing. (828 8795, 836 8691).

## NETHERLANDS

Amsterdam, De Stijlhouderij (Eerste Blauwstraat 4). The English-

Speaking Theatre of Amsterdam with Krapp's Last Tape by Samuel Beckett. (26 22 82).

Shoofhout, Stadschouwburg. The International Folk Dance Theatre with Maas and myths, an exploration of the use of masks in European culture. (1111 22).

## NEW YORK

Cats (Winter Garden): Still a sellout. Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically fine, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 8282).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlandse organisatie has generously decided to name the theatre after the generation's outstanding box office draw. (787 8446).

A Chorus Line (Shubert): The longest-running Broadway hit, its 12th year has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6206).

Strange Intimacy (Nederlander): Gladys Jackson carries on an appropriate tradition of bringing American classics to New York from London in this marvellous production in which director Keith Hack wisely makes the audies an integral part of the conversation. Limited engagement ends May 5. (821 8000).

Sunday in the Park with George (Booth): Inspired by the Seurat painting, Stephen Sondheim fashions a musical with dots and dashes of song that end too soon but work well with Tony Straige's pretty set and James Lapine's book which changes gears in the second act. (239 6262).

Noises Off (Brooks Atkinson): The closest Broadway gets to the British farce tradition is this import of Michael Frayn's funny backstage view of all the shenanigans down and dropping drawers. (245 3430).

La Cage aux Folles (Palace): With some tawdry Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (737 2625).

Grand Street (Marjestic): An immediate celebration of the heyday of Broadway in the '30s incorporates gems from the original film like *Shuffle Off to Buffalo* with the appropri-

ately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (844 9450).

The Real Thing (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, directed at a fast clip by Mike Nichols. (239 6200).

## TOKYO

Barfoot in the Park: The Japanese version of Neil Simon's play directed by Yutaka Kobayashi. Long Run Theatre, Shimokitazawa. (414 0881).

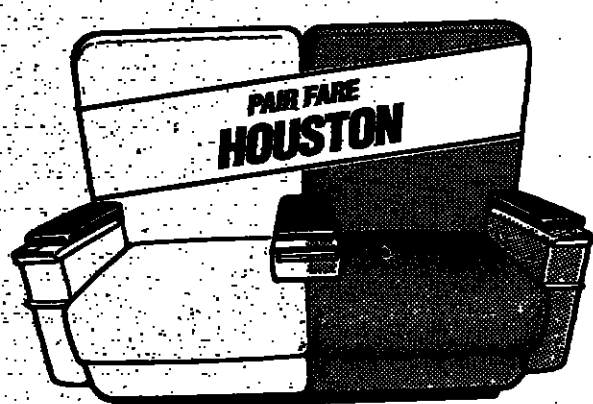
Cocaine Marais, a one-man show on the life of Jean Cocteau by Jean Marais (in French) Soyetsu Hall, one of Tokyo's most beautiful buildings, a slower-arranging school designed by architect Tange. (Mon, national holiday, 2pm). (407 6238).

WORLD VALUE OF THE POUND every Tuesday in the Financial Times

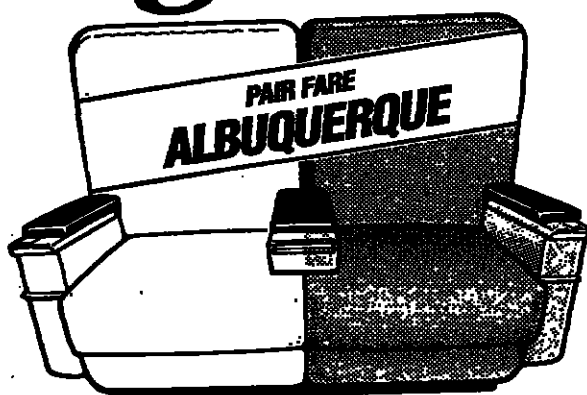


# FREE tickets to Houston

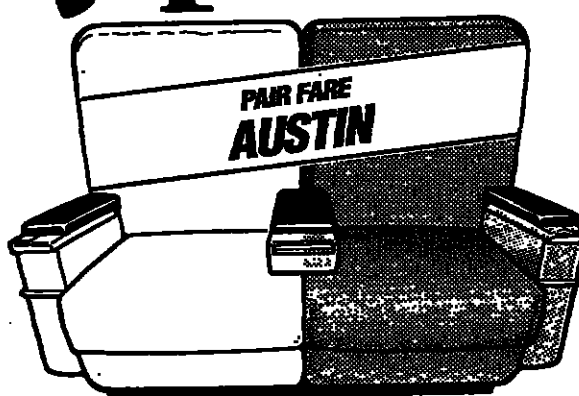
## PLUS pairs of tickets to 15 USA destinations at giveaway prices.



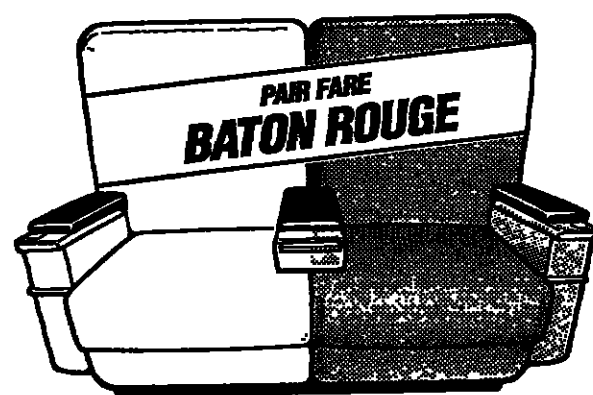
Two First Class GOLD for only £1250  
Two Business Class SILVER for only £725



Two First Class GOLD for only £1509  
Two Business Class SILVER for only £874



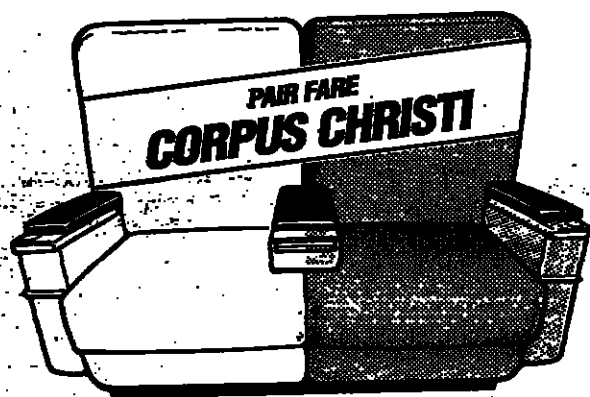
Two First Class GOLD for only £1354  
Two Business Class SILVER for only £792



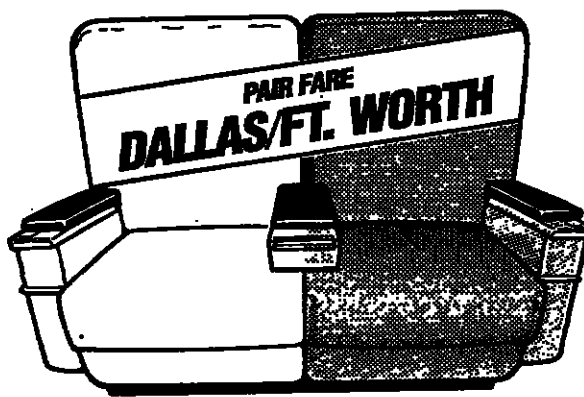
Two First Class GOLD for only £1442  
Two Business Class SILVER for only £843



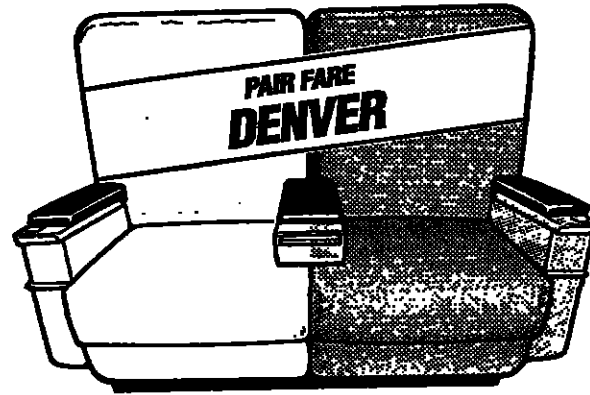
Two First Class GOLD for only £1552  
Two Business Class SILVER for only £895



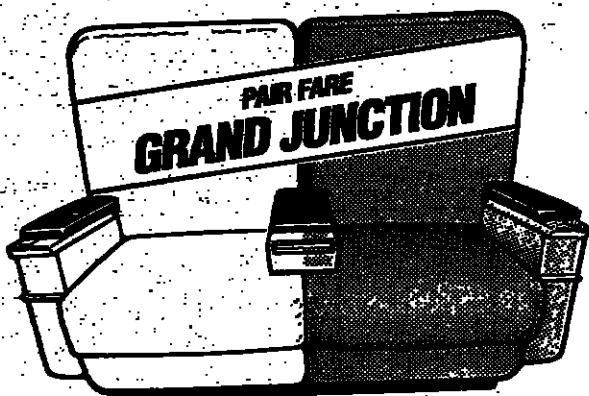
Two First Class GOLD for only £1354  
Two Business Class SILVER for only £799



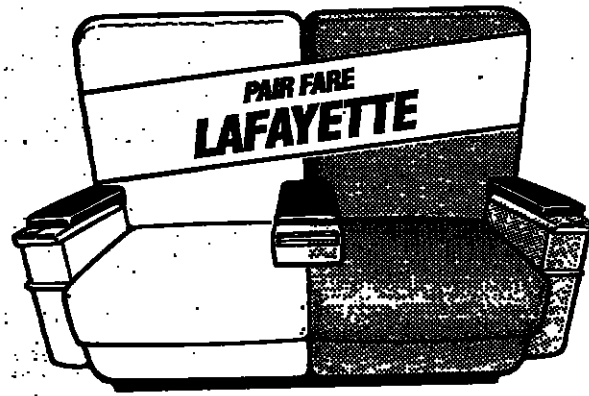
Two First Class GOLD for only £1354  
Two Business Class SILVER for only £792



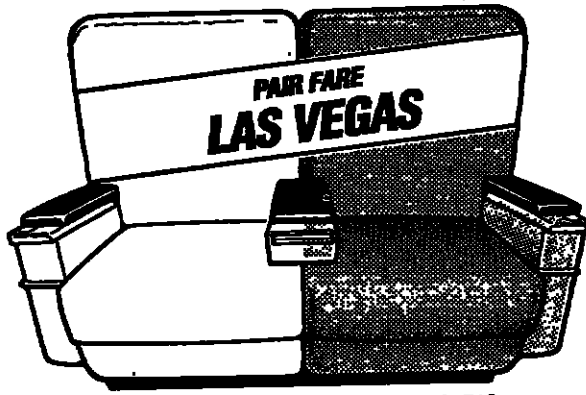
Two First Class GOLD for only £1540  
Two Business Class SILVER for only £895



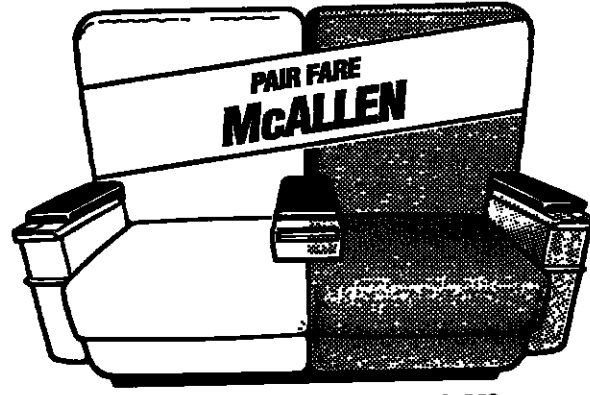
Two First Class GOLD for only £1533  
Two Business Class SILVER for only £925



Two First Class GOLD for only £1442  
Two Business Class SILVER for only £843



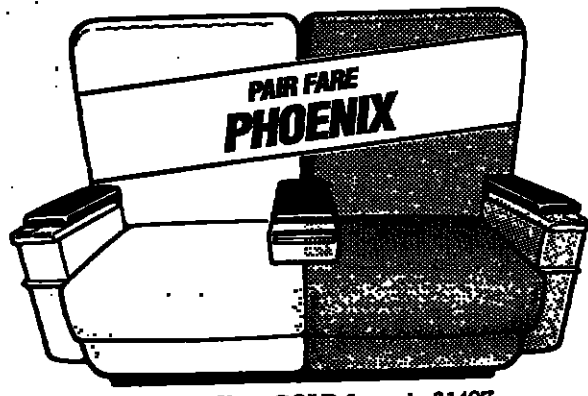
Two First Class GOLD for only £1516  
Two Business Class SILVER for only £901



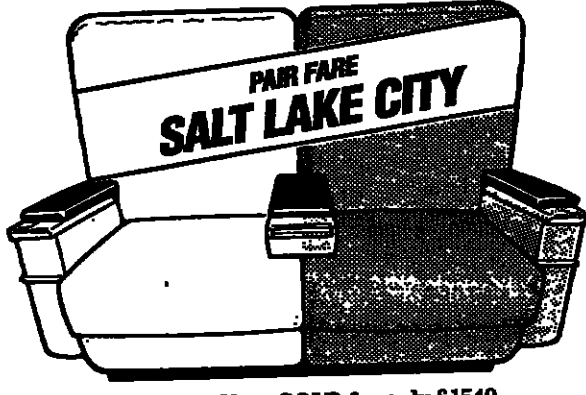
Two First Class GOLD for only £1368  
Two Business Class SILVER for only £807



Two First Class GOLD for only £1376  
Two Business Class SILVER for only £807



Two First Class GOLD for only £1487  
Two Business Class SILVER for only £895



Two First Class GOLD for only £1540  
Two Business Class SILVER for only £925



Two First Class GOLD for only £1364  
Two Business Class SILVER for only £809

Fly Continental to Houston and take a companion absolutely FREE.  
Fly Continental to 15 other USA cities and take a companion for a fraction of the normal price.  
Ask your local travel agent for full details of Continental's brand new 'Pair Fares'.

Or call Continental Reservations on 01-679 5531.

# CONTINENTAL'S Houston

All fares shown are one way. For round trips simply double the price.  
This offer applies only to First Class GOLD and Business Class SILVER passengers on flights taken during the period April 29th - May 31st 1985.

Daily non-stop from London Gatwick at 11.45 am.

From Houston, Continental Airlines flies to over 40 destinations across the USA, Mexico and Canada and onward to Hawaii, Australia, New Zealand, Fiji, Taiwan, Hong Kong, Japan and Micronesia.



14

**FINANCIAL TIMES**  
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY  
Telegrams: Finantime, London PS4. Telex: 8954871  
Telephone: 01-248 8000

Wednesday May 1 1985

## Africa at the summit

ECONOMIC summits are supposed to allow the heads of government to take stock of development of the world economy and to return home with at least an up to date context in which to frame their own economic policies.

There has, since the last summit in London, been one major development which they simply cannot ignore in Bonn. This is the emergence in the consciousness of the West of the disastrous state of the economies of Africa. The problem has loomed larger as the crisis over the debts of richer developing countries has passed.

Africa is this year's challenge to the battered ideal of international economic co-operation. The statistics behind the images of famine speak for themselves. One-fifth of all black Africans are malnourished, and some three quarters of them are below the World Bank's definition of the poverty line. Economic growth has fallen from an average of around 5 per cent in the mid-seventies to contraction today, and over the same period the external debts of black African countries have risen from one-third of GDP to almost two-thirds.

Financial arrears, mainly on trade payments, now exceed \$800 million. The International Monetary Fund is facing the unusual prospect of non-repayment by some black African countries — Sudan, Liberia — which have entered into Fund programmes.

There is no doubt that the prime cause of this state of affairs is economic mismanagement in many of these African nations. But it does not follow that there is nothing useful that African leaders can do about it. They do not need to commit themselves to immediate new public expenditure, nor to back any hastily cobbled-together programme of assistance.

### Management

What is needed is their endorsement of an approach to the Africa problem which the World Bank has been working on for some time but which, up till now, has evolved despite rather than because of the attitude of the World Bank's major shareholders. The essence of this approach is that those African nations willing to draw the right conclusions from their economic failures should be offered the means to get back onto a path of well-founded growth.

For the African countries this means a willingness to reverse

biases against agricultural production, at the inevitable expense of their urban populations. It means that they must use scarce public funds to maintain and exploit their existing infrastructure rather than add to them. It means that the know-how and money of foreign investors must be made as welcome as possible. In general, it means that market forces must be allowed freer rein in setting their prices and exchange rates, at the expense of ubiquitous administration and its attendant corruption.

For the Western countries it means co-ordinating a redirection of their aid away from projects which create jobs at home but are increasingly redundant on the spot, towards balance of payments support conditional on everything listed above. If possible the U.S. should be brought into the \$1.1bn special World Bank Facility for Sub-Saharan Africa, at the very least the efforts of the U.S.'s own \$500m Economic Policy Initiative for Africa should be overtly tied in with the World Bank's approach.

There may also be a case for arranging for the repayment of the IMF's short-term loans to particularly hard-pressed borrowers with money provided by the World Bank, and for a structural adjustment lending.

### Initiatives

The summit leaders have a chance here to tap a hope that is already rolling. Both Fund and Bank point to examples of success — Ghana, Madagascar, Somalia, Mali — which have achieved results by embracing this type of structural reform. The U.S. shows some signs of moving away from its instinctive antipathy towards the soft enablement of structural adjustment lending of the World Bank. Mr James Baker appears to have ashered in a new attitude with his appointment as U.S. Secretary of the Treasury. President Mitterrand of France recently suggested his own version of an Africa Initiative which is worthy of further study.

Economic summits no longer aspire to change the world. But they can and have set processes in motion which, if they improve with time, the summit impulses behind a Gatt round and studies of the international monetary system are two cases in point. Bonn is unlikely to be remembered for "Locomotion theory" but it could sit fittingly go down as the place where the industrialised countries forged a joint approach to the economic plight of Africa.

## Awaiting a new Beveridge

MR NORMAN FOWLER'S claim to be the new Beveridge is about to be put to the test. The Social Security Secretary's forthcoming Green Paper on social security reform, the final details of which should be agreed at tomorrow's Cabinet meeting, will show whether Mr Fowler is a radical reformer who will be regarded in decades to come as the architect of Britain's second welfare state or whether he is to be yet another make-do-and-mend tinkerer.

Sir William Beveridge's historic report of 1942 identified five giants on the road to reconstruction: Want, Disease, Ignorance, Squalor and Idleness.

By 1982 many of his objectives had been achieved. Yet the endless tacking on of bits and pieces to the system had made it into a bureaucratic dream and a benefit recipient's nightmare.

### Controversial

Any reform of so sensitive and important a part of British life is bound to be controversial. Only radical improvement is likely to be worth the rumour; otherwise the present system might as well be left to crack along. Real political courage is needed.

The key requirements for radical reform are a simpler and fairer system which targets more money to where it is genuinely needed. Over the years lessons have been learned that need to be incorporated in any true reform. One is that poverty is most prevalent among families with children: benefits constructed around children do the most good. A second is that universal benefits are so enormously expensive that they cannot be raised by more than marginal amounts. A third is that cash is a much better weapon against poverty than complicated and contradictory subsidy arrangements. A fourth is that benefits and taxation are all part of the same income jigsaw.

With these fundamentals in mind Mr Fowler should move to merge all the present mish-

mas of housing benefits, child benefits, family income supplements and extra child payments within supplementary benefit into a single income support for families, paid at a level to enable families with children to pay their weekly bills without falling into poverty. For the poor without children a straightforward unitary system of income support is needed.

### Safety net

The arguments in favour of universal benefits, including the depressingly cynical view that the prosperous middle classes will support only those benefits for which they also qualify, are far outweighed by the need to provide the very poor with substantially larger amounts of cash. This can only sensibly be done if the payments are restricted and carefully targeted to those truly in need.

This approach would limit the state's role to that of safety net, ensuring as high a level of basic benefits as reasonably possible. Both universal child benefits and the State Earnings Related Pension Scheme, the first vastly expensive and the second potentially so, should be scrapped now and more money recycled into higher family income guarantees or family credits added into the basic pension. This has to be combined with a carefully constructed taper as income rises through some form of positive and negative income tax and benefit credits or a basic income scheme.

These changes can be achieved only with the co-operation of the Chancellor. The Treasury's preoccupation with cutting public expenditure must not be allowed to obstruct sound, long-term reforms.

THE SPECTACLE of Uncle Sam looking a little shaky at the knees is certain to evoke a measure of grim satisfaction among European leaders assembling for the Economic Summit meeting in Bonn tomorrow.

But the temptation to say: "We told you so" will be matched by fears about how the American slowdown could spread to the rest of the world. That is the delicacy of this Summit, which unlike its immediate predecessors, will present some real opportunities for bargaining among the free world's seven most powerful leaders.

It must be said at once that no specific deals are likely to be struck, as they were at the last Bonn Summit in 1978. Memories of that ill-fated attempt to hitch policies for growth together, with West Germany as the "locomotive" and the rest of the world as the "waggon", are still fresh. A general resurgence of inflation, and Germany was left particularly exposed, as other economies lagged behind.

Nevertheless, there is clearly scope for some economic "horse-trading" which could have slow-acting but important consequences for the development of the world economy. The reason for this is that when Mr Ronald Reagan meets his allies, he will be as close to the position of a supplicant as a U.S. President can be.

In spite of his stirring words in a television broadcast last week, and generally optimistic talk about world recovery, Mr Reagan betrayed extreme anxiety about the true consequences now threatened by the persistent Federal deficit. After three years of brushing aside European complaints about the strength of the dollar and even disclaiming interest in the subject—the U.S. Administration finds the issue has become a boomerang. There is now clear evidence that the strength of U.S. recovery is being undermined by a flood of complaints while protectionist lobbies are becoming dangerously strident.

So President Reagan suddenly needs his allies, not just for good of the world, but for specific help in detaching the dangers presented by his own Congress.

His new Treasury Secretary, the smooth and intelligent Mr James Baker, was surprisingly frank about this in a satellite

IF HIS partners play by the rules, President Ronald Reagan should have relatively easy ride by the Rhine this week. The traditional code of behaviour for Western economic summits dictates that participants do not make life too hard—at least in public—for a fellow club member with a political problem.

Mr Reagan, who has managed to dig himself into a deep political hole as a result of his plans to visit the Bitburg war cemetery on Sunday, badly needs to emerge credibly from the two-day Bonn summit, starting tomorrow evening, that immediately precedes his Bitburg excursion.

The last thing he wants is a failed summit to set the whole tone for the 10-day trip through Western Europe that he begins today.

The ideal American scenario for Bonn runs roughly as follows: the Europeans (meaning France) finally agree to a firm date for the start of a new

### The economic summit

## Why the President suddenly needs his allies

Max Wilkinson in London and Reginald Dale in Washington (below) report on the issues which will be debated in Bonn

television news conference with European journalists last week. He said the U.S. needed to return from the summit with a date for a new round of trade talks to start either this year or next.

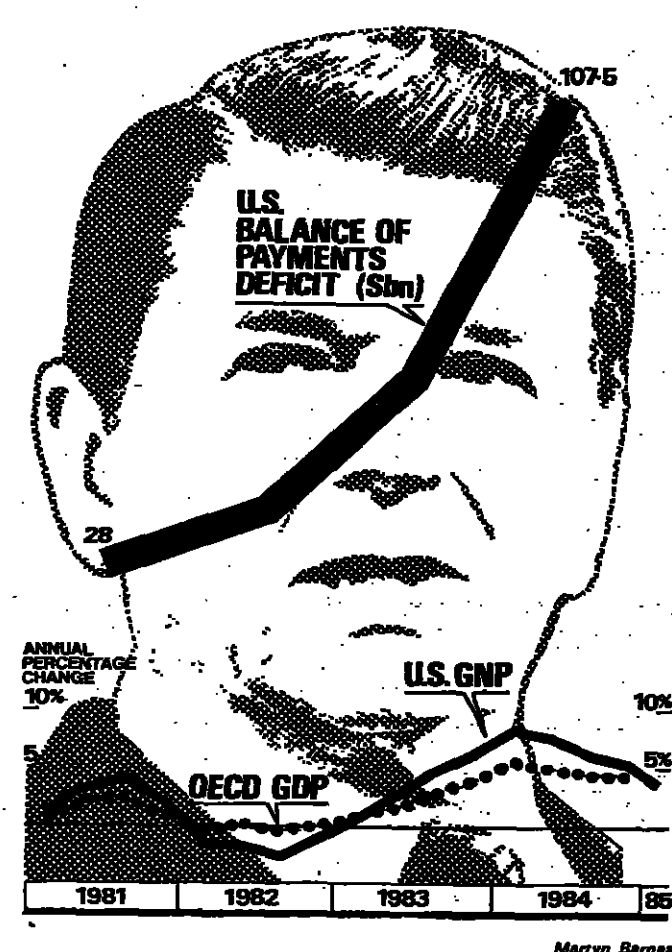
The Americans may also need help from Europe and Japan to brake the fall of the dollar if its recent and welcome slide should threaten to become an avalanche. This will probably be only an after-the-coffee topic between the heads of government, but it is certain to be discussed seriously in the less publicised side rooms where finance ministers are in session.

On this topic, also, firm agreement is not to be expected—it will be more a process of osmosis of understanding: that when necessary, European

governments will lower interest rates as much as they can to prevent the U.S. Federal Reserve from having to tighten policy unduly. A tacit understanding may also be reached that Europe and Japan would supplement America's very modest foreign exchange reserves, by direct intervention to prop up the dollar.

Although this is as yet only a possibility, the very idea is an ironic contrast with the Administration's refusal until early this year even to consider helping Europe by intervening against the dollar.

But now there is a shared perception that, though the dollar must come down to bring the U.S. trade account into better balance, too fast a fall could be disruptive to the world



## WASHINGTON'S MESSAGE TO EUROPE: 'TAKE UP THE SLACK'

round of international trade talks—preferably next January—and all the participants (particularly Japan and West Germany) commit themselves to expansionary policies to "take up the slack" left by slower American economic growth.

The meeting ends with a general consensus that Mr Reagan's free market policies are the best answer to the world's problems. Meanwhile, in the informal political talks, no unseemly rows erupt over his "Star Wars" space defence programme, Central America, or, indeed, anything else.

Given the divisions between the U.S. and its partner, however, Mr Reagan is likely to have to settle for a good deal less. France may not specifically agree to January as the opening date for the trade talks—the beginning of next year is considered the most likely date—while European officials, a number of the other countries, including the West German hosts and the UK, have already made it clear that they do not want to

expand their economies further, and in the course of the summit preparations, France, it is said in Washington, has generally been "petulant".

Mr Reagan, however, will not be coming to his fifth economic summit on the defensive. Washington believes that over the last two years the international economic climate has been improving with each successive summit—Williamsburg in 1983, London last year, and now Bonn. The U.S. has not only led the way, and to a large extent, the developing countries, out of recession, but American officials argue there is increasing recognition that the U.S. has been on the right track, while the Europeans have not.

U.S. officials love to reel off figures showing, for example, that over the last ten years the U.S. created almost 20 million jobs, while European employment actually declined by 1.1m in the UK, 1.5m in West Germany, and 300,000 in France.

It is at this point that U.S.

Government economists apologetically introduce the dreaded term "structural rigidities", occasionally with the offer of a small prize for anyone who can come up with a jazziest description. These are the obstacles to growth embedded in the system, whether in the form of government regulations, labour and employment practices, capital controls, subsidies, or tax and welfare structures—and it is the West European economies, in Washington's view, that are by far the most crippled by them.

If Western Europe is to "take up the slack" and ensure longer-term economic growth, it is essential, in Washington's eyes, that it tackles these rigidities head-on—in much the same way that Mr Reagan has struggled to "get government off the people's back" in the U.S. A major potential source of friction, however, is that factors regarded as "economic" in Washington, such as high unemployment benefits and job security provisions, tend to be

seen in Europe as intensely political.

Rightly or wrongly, the U.S. insists that it is not telling its allies how to run their societies, and that it has its own contribution to make to the process. American "rigidities" are to be found in the country's complex and unfair tax system, which Mr Reagan has pledged to reform. Moreover, some U.S. officials say that the U.S. budget deficit could also be classified as a "structural rigidity".

Here, however, Mr Reagan will be on weaker ground than he would have liked. He had hoped to draw solid progress behind him in Congress on his \$50bn budget deficit reduction package before the summit opens. And, while senior U.S. officials insist that it is too early to draw firm long-term conclusions, they admit that, with a bare 1.3 per cent growth rate in the first quarter, the U.S. economy seems itself nowhere near as strong as they had hoped.

If U.S. and world economic growth is to be sustained, Mr Reagan will argue, growing protectionist forces must be thwarted by a decision to go ahead with the new trade round.

Mr Baker, the U.S. Treasury Secretary, insists, however, that there be no "linkage" between trade and monetary reform, as the French are demanding, that the trade talks are necessary in their own right. Some other U.S. officials say privately that it is too late for "linkage" anyway, given that Mr Baker has already conceded the principle of discussions on monetary reform at the OECD Ministerial meeting in Paris last month.

But there is still a wide and probably unbridgeable gap between Mr Baker's desire for no more than "treat weaknesses" in the system, and his continued distaste for exchange rate intervention, and the much more sweeping long-term ambitions of the French.

### Non-stop from Brussels

The EEC Commission has now brought a new touch of magic to its Alice-in-Wonderland world by preparing what it calls a "non-paper" for the Community's agriculture ministers.

The "non-paper" derives its negative qualities from an effort to underline its unofficial status as a possible compromise agreement in the current wrangle over farm prices.

In short, by being "non," it cannot be rejected. This splendid creation is fast developing its own non-official status. My man in Brussels tells me that in order to draft the "non-paper," Eurocrats are attending special gatherings, known quite straightforwardly as "non-meetings," at which—wait for it—"non-minutes" are recorded.

A busy farm directorate official was recently caught rushing down a corridor to one of these non-meetings. "Sorry, I can't stop," he said breathlessly. "I've got to go and do some non-work."

### Southern risks

David Wilkie, one of Britain's top actuaries, is moving from the colder climes of Edinburgh to the effete environment of Reigate, to become a partner in R. Watson and Son, one of the top three firms of British consulting actuaries.

In his previous position as head of economic research at Standard Life, Wilkie has been seen by his peers as more akin to the old-style life company actuary, involved in expanding the traditional theory, than the modern-day insurance man involved in running a life company. His output of actuarial papers on a variety of subjects, ranging from the impact of the EEC directive on sex equality in pension schemes, to the use of stochastic processes in portfolio management, has been well received academically in the Institute of Actuaries in London, and the Faculty of

### Men and Matters

Actuaries in Edinburgh. He feels that his talents and ideas will be compatible with those of Watson, whose partners are now finding their advice and services required in a whole range of areas beyond the traditional pension fund valuation fields.

In particular, clients are now seeking advice on portfolio matching—a topic on which Wilkie claims to have some revolutionary ideas.

John Rutledge is not a man to mind words on the abstract world of business and economics theory. He is the founder and chairman of the California-based Claremont Economics Institute, and his view of the U.S. economy leads him to give President Reagan a "blundering B-plus" for efforts to curb inflation and to cut taxes.

Rutledge has little time for big companies who cannot cut their costs. He also takes a dim view of "shareholder-raping exercises" by inefficient managers. On the other hand he sees the current fad for buy-outs as "extremely dangerous" if companies cannot produce the cash flow to pay off the debt.

What it boils down to, he said in London yesterday, is the deployment of assets on the world balance sheet. "The U.S. is going through a reworking of the balance sheet," he says. "Owning things is a 1970s idea. Using things productively is an idea of the 1980s."

U.S. mining companies who are hoping for better times ahead are being told by Rutledge that commodity prices have still not reached the bottom—and are advised by him to redeploy. Life is not all gloom for Rut-



"They've all gone — I'm the only one left, if you'll pardon the expression"

ledge, however. He is prepared to put his money where his mouth is. "We sold a big house, bought a small house, and put the entire difference in long Treasury bonds. And we are making a bundle of money doing it."

### Coin slot

Part of the biggest private coin collection in the U.S., a multi-million pound hoard of more than 50,000—is to be sold at auctions in London over the next two years by Spink and Son, the dealers.

The collection is that amassed by Mrs Emory May Holden Norweb, of Cleveland, Ohio, who died last year at the age of 88. Trained as a metallurgist—her father owned gold mines in California—she started collecting as a child and continued for

the rest of her life. Apart from coins, Mrs Norweb also acquired an outstanding collection of pre-Columbian art, carving the treasures around with her in a trunk for years to various overseas posts with her diplomat husband, before finally presenting them to the Cleveland Museum of Art.

It is her series of English coins that Spink will start to auction on June 13. The first portion will be the largest group offered for sale in London since 1903 and a lot of price records are likely to be broken.

Begun with some Anglo-Saxon pennies which she found being sold for a few dollars a pound in weight in Texas, the English collection was built into what Spink's managing director, Douglas Liddell, says is "one of the most comprehensive in the world."

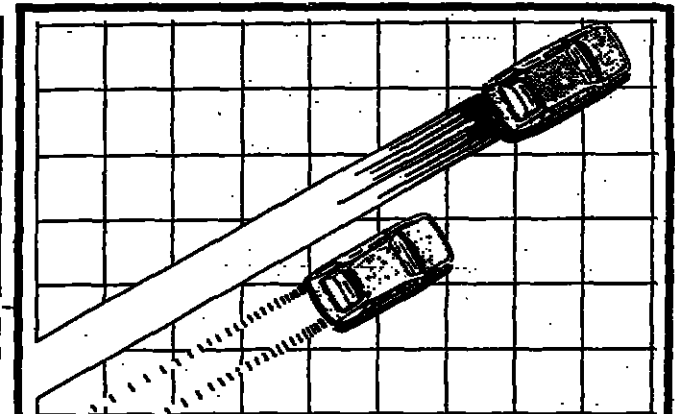
Liddell made frequent trips to Cleveland during the past 30 years to help Mrs Norweb catalogue the coins. He expects at least two of them to fetch up to £50,000 apiece. These are a Henry III gold penny—only six specimens are known to exist and the last time one came up for sale in 1967 it fetched \$22,000—and a Charles II "petition crown" around whose 3 mm milled edge, Thomas Simon wrote an unsuccessful 30-word petition to the king to restore him to the post of chief engraver to the Mint.

### Name of the game

The FT story yesterday about a possible merger between insurance brokers C. E. Heath and Hogg Robinson brought the Lloyd's wags out in force. Only one name for the result of such a marriage, it was told—Heath Robinson.

### Cut off

An angry husband confronted his bank manager the other day: "I'd like to disjoin my account..."



## Why choose Exempt Trusts which are in neutral, when ours are already in top gear?

If you are responsible for investments for a pension fund or charity, you can't afford to have it idling along.

With the right performance you can reduce your company's pension fund contributions, yet still provide pensions as high or higher than before.

At Henderson the long term track record of our trusts for pension funds has been outstanding.

For example, the Henderson Smaller Companies Exempt Trust is up 270% over 5 years. And the Henderson High Income Exempt Trust is up 201% over 4 years.

At the moment, we would particularly recommend a combination of our High Income and Smaller Companies Exempt Trusts. Together, they look likely to provide accelerated long term growth.

Clearly the right move is to find out more. Please call Leslie Komaromy on 01-638 5757 or write to: Henderson Pension Fund Management Limited, 26 Finsbury Square, London EC2A 1DA.

**Henderson.**  
**The Investment Managers.**

Observer



## LOCAL ELECTIONS IN ENGLAND AND WALES

# An acid test for the Tories

by Robin Pauley

A UNIQUE test of the Government's national and local policies occurs in England and Wales tomorrow. Unique because the poll will be held exclusively in the traditional Tory heartlands, the shire counties.

Under normal circumstances attention this year would also be focussed on England's largest conurbations where Tory and Labour have vied for local supremacy, with Labour more often than not getting the upper hand.

But this year's elections in Greater London, West Yorkshire, West Midlands, Merseyside, Tyne and Wear and Greater Manchester have been cancelled as the Government is proposing to abolish these councils next March.

This means no elections in any of the principal cities of England and Wales, also no London borough or metropolitan district councils. There are also no elections in Scotland.

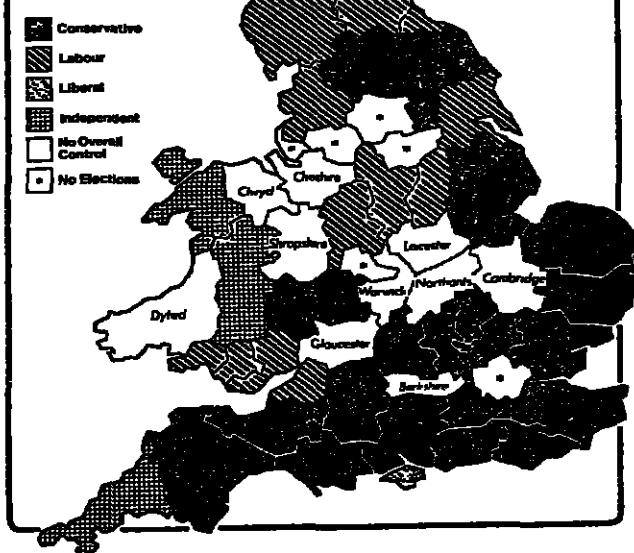
With nearly two-thirds of the 38m voters in England and Wales eligible to take part in this election for all the seats in all 39 English and eight Welsh counties it represents a test of voter opinion on national and local issues since the 1983 general election and an unusual perspective of opinion in many traditional Tory areas.

The Conservatives ought to be optimistic not only because they are fighting on largely friendly territory but also because they had remarkably bad results in the last county council elections in 1981. Mrs Thatcher's Government was deeply unpopular then, so much so that her party managed the unthinkable and lost control of both Lancashire and Cheshire.

But the Conservatives are privately very anxious about tomorrow's results for several reasons. The latest opinion polls all indicate that Labour has moved several percentage points ahead of the Tories which could dash Conservative hopes of capturing some of its worst losses. In addition, since 1981 Labour has scored a considerable propaganda success in getting across to the public the mess surrounding local government finance where, crucially, the link between local spending and rate levels has been smashed.

This makes it all the harder for the Conservatives to play effectively their traditional card

### HOW THE PARTIES STAND



Bob Hutchinson

of "low rates in Tory areas, high rates in Labour areas." This proposition remains largely true but the reasons for it are now perceived by the electorate to also be due to Government policies, conflicting target and penalty systems and reductions in Government support to councils. These policies tend to also be due to Government policies, conflicting target and penalty systems and reductions in Government support to councils.

In addition, both Labour and Conservative parties have to contend with the Alliance. Liberals have traditionally been strongly organised in local government although their high hopes often came to naught and the only county they control is the Isle of Wight. But with the SDF, which had only just been created when the 1981 elections were held, the Alliance now has its strongest ever network and has opinion poll support consistently around 25 per cent or higher.

The key to the election tomorrow is the band of middle England which separates the North (Labour) and the South (Tory) and is particularly sensitive to changing political fortunes.

Avon is the only county south of Birmingham with a Labour majority and even allowing for Labour's improving fortunes

they will be lucky to hold on to their majority of two seats tomorrow.

Lincolnshire and North Yorkshire are the only counties north of the Wash with Tory majorities.

But between these two massed strongholds is a clutch of hung councils: Berkshire, Cheshire, Shropshire, Gloucestershire, Warwickshire, Leicestershire, Northamptonshire, Cambridgeshire. All except Cheshire and Northamptonshire are run by minority Conservative administrations. The Alliance is crucial to the balance of power in most.

So, for all three parties, these eight counties are among the most crucial.

The Alliance desperately needs to translate its good opinion poll form into the occasional first prize. A major political and psychological victory would be gained if it could turn its power-broking position in just one of these key hung councils into Alliance control. The only two possibilities would be Berkshire and Gloucestershire and both are very tall orders. In Berkshire, the Liberals got 28 per cent of the vote in 1981 to win 17 seats against 42 Conservative, 27 Labour and one other. In Gloucestershire, the Liberals

got 26 per cent of the vote for 11 seats (compared with no seats at all in 1977). Labour got a lower percentage of the vote—25 per cent—for more seats, 17, and the Tories got 25 seats. It is these sort of figures which have to be turned around if the Alliance is ever to appear over the brow of the hill, locally and nationally.

Outside the vital band of hung councils there are other targets. The Conservatives are (decreasingly) hopeful of regaining their lost Northern treasure of Lancashire and of the winning Cumbria and Rumburgh. Labour hopes to move from minority to majority control in Croydon and not to lose any of its South Wales strongholds. The Alliance hopes to force more councils out of the overall control of the other two parties. The Conservatives are, however, in a difficult position as to how to proceed with boundary changes since 1981, although these have tended to affect more of the Tory-controlled authorities than Labour.

The shire counties' two principal functions are education and police, both of which have been the subject of a major issue throughout the miners' strike and attitudes in parts of the mining shire counties may have been affected by that dispute. The impact of which is fading less quickly on the spot than is implied by the sudden ending of media attention.

Education is very much a live issue because of the disputes which have been affecting the principal county council services. It is also a subject in which local residents tend to take an exceptionally close interest.

Since the last county elections the enthusiastic attempts by some councils to cut spending as part of the Government's campaign for lower spending and lower rates has been dealt a blow by a new Education Act. Both Somerset and Norfolk figured in HMI reports as counties in which education provision had fallen to a level which was giving concern.

The teachers' dispute is a more difficult conundrum depending on whether voting parents are sympathetic to the teachers' complaints or furious at the disruption.

This could prove particularly

important in the counties among the current target areas for disruptive strike action this term—Buckinghamshire, Cambridgeshire, Devon, Hampshire, Hertfordshire, Kent, Leicestershire, Lincolnshire, North Yorkshire, Oxfordshire, Somerset, Suffolk, Surrey, Warwickshire, West Sussex, Wiltshire and Wiltshire.

So this, the year of "dread" elections made worse by the elimination of the "star" megacouncils, promises to be far more interesting than it looks. Inevitably, the old hands, the Labour and Tory parties, will claim more than is their due whatever the outcome and the Alliance will relapse into political arithmetic on Friday on the basis of wishful thinking and proportional representation. But it is for the Alliance that the annual local polls are becoming crucial. It has its ground forces and organisation well in place after four years and it now needs to prove itself politically rather than doing well and coming nowhere. Here are some points to watch for:

- Labour will be doing well if—
  - it holds all its present counties
  - it can take overall control of Croydon or Northamptonshire
  - more hung counties have minority Labour than minority Tory control
  - it loses a South Wales county
  - there are no hung Home Counties
  - it rains
- The Tories will be doing well if—
  - they can win back the Isle of Wight
  - they win any two of Cumbria, Cleveland, Northumberland and Lancashire
  - the North-South divide moves Northwards
  - they lose control of anything
  - they fail to capture Avon and Lancashire
  - there is a very low turnout in fine weather
- Labour will be doing well if—
  - the number of hung councils increases
  - it takes control of anything
  - it can get the balance of power somewhere in the North
  - and badly if—
    - it loses the Isle of Wight
    - it gets under 25 per cent of the overall vote
    - it persistently comes third.

## UK unemployment

# Time to make time for alternative strategies

By Andrew Britton

THE LAUNCHING of the new Charter for Jobs and the foundation of a new Employment Institute are the clearest indications yet that monetarism has been put on the defensive. It is not difficult to see why this change in the intellectual climate has come about.

Realistic monetarists always expected unemployment to rise as the rate of inflation was being brought down by a tightening of fiscal and monetary policies. But they expected the increase in the level of unemployment to be temporary, not permanent. Once inflation was established at a slower rate, they thought that unemployment would come down again, to a level lower than it had been before the monetarist cure was taken. In the event one should, or could, simply go back to the policies which were followed in some earlier period. Too much has changed, both in the way economists think about macroeconomic policy and in the circumstances of the British economy.

Since the monetarist strategy is not achieving the results expected of it, attention is now naturally shifting to the alternative strategies proposed by non-monetarist economists. Some economists, for example those writing the National Institute's quarterly commentary, have been consistently critical of monetarism since it first became influential in the early 1970s. Such criticism is now justified by events. That does not mean, however, that one should, or could, simply go back to the policies which were followed in some earlier period. Too much has changed, both in the way economists think about macroeconomic policy and in the circumstances of the British economy.

Since 1979 the total of the registered unemployed has risen by 8 per cent of the labour force. In some respects this may overstate the present deficiency of demand for labour, but in others it may understate it. What is indicated, therefore, is not a marginal change in economic policies, which would have only a marginal effect on unemployment. The waste of resources will not stop if unemployment levels off or even if it begins to fall a trifle, which is quite possible

even on the basis of the present strategy. It will stop only when the degree of slack in the labour market falls back below what it was when the monetarist experiment was begun.

If the unemployed are given productive work to do, the total level of output in the economy will rise at least in proportion to the number of jobs created—at least in proportion because as output expands average productivity normally rises rather than falls. It does not follow, however, that extra output can be secured on the scale required simply by adding to domestic demand. It is also essential that the competitiveness of British industry is improved, because otherwise the balance of payments will again become a constraint on the growth of the economy. Each of these two output which is needed to create the extra jobs must be either production for export or else production which competes with imports in the home market. The problems of unemployment and of the non-oil trade balance are inextricably interconnected.

### The stringency of fiscal policy could be relaxed

Some easing of fiscal policy, by tax cuts or increased public spending, is seen by many as a necessary condition for output growth on the scale that is needed. No one, I think, believes that it is a sufficient condition. Nowadays the argument that one can simply spend one's way out of trouble is seldom, if ever, heard—except as a caricature. The argument often heard is that the fiscal policy actually followed in recent years has been quite unnecessarily restrictive.

The stringency of fiscal policy could be relaxed to some degree without raising the total of public sector debt outstanding to a dangerous level in relation to national income. The rate at which the markets can absorb debt is always a matter of judgement. There is a particular number for the PSBR, or the ratio of debt to GDP, which is always adequate and never excessive. The market reception of an expansionary Budget would depend as much on the nature of the tax and spending changes announced as on the forecast of borrowing or the debt-to-income ratio by which it is accompanied.

The three specific measures identified by the Charter for Jobs have been chosen to minimise the danger of inflation. They include further cuts in the taxation of employment, additional public spending on the infrastructure and special measures to help the long-term unemployed. The arguments for these proposals are set out in a short pamphlet called *We Can Cut Unemployment* (obtainable from Charter for Jobs, Freeport, London NW3 1YP).

The aim of those associated with this new venture is to change the way people think about unemployment, above all to counter the view that unemployment is inevitable, so we must just learn to live with it. That fatalism is based on misconceptions, but if it becomes generally accepted, it will itself be an obstacle to the creation of jobs.

The perceptions and expectations of the general public have a profound effect on the economy. Recent developments in the theory of macroeconomic policy have much increased the emphasis on considerations of this sort. But expectations can work for good as well as for ill. If the public expects output to rise, for example, then firms are more likely to invest and recruit labour ahead of demand. This makes expansion easier and limits the risk of an excessive rise in imports. The need is to present a credible plan of phased expansion, rather than an abrupt transition to boom conditions with which industry cannot cope adequately.

The official response to the Charter for Jobs has been on the one hand that its ideas have already been discredited, on the other hand that they have already been adopted. Neither line is really tenable. There is a lot of new and constructive thinking going on about alternative strategies. There is a growing awareness that progress under the present strategy is lamentably slow.

The author is director of the National Institute of Economic and Social Research and a trustee of the Charter for Jobs.

## Nuclear power management

From Mr D. Lomer

Sir,—In David Fishlock's article (April 19) "Britain's nuclear industry has another go" Sir Walter Marshall was quoted as saying that making the National Nuclear Corporation responsible for the whole project, including safety, was a mistake. Before Sir Walter became chairman of the Central Electricity Board he was chairman of the UK Atomic Energy Authority and a part-time member of NNC.

The Secretary of State made a policy announcement in 1979 that NNC should have "total project management" for the pressurised water reactors. At that time I was a board member of the CEBG. I, like many others in the private and public sector worldwide, believed that it is only a client/owner who can have total project management and as owner there are many responsibilities the CEBG could not delegate to NNC.

The article also says that the CEBG agreed the conclusion of the task force that NNC should be responsible for safety. I would like to assure readers that to my knowledge the then board of CEBG never considered making NNC responsible for safety, let alone agreed. Safety of nuclear stations is the responsibility of the owner.

What a pity it has taken so many people to come to the conclusion that the Government instruction on how the PWR should be project-managed was a mistake. I believe the words, NNC will have "total project management", have caused endless argument and debate, have delayed the establishment of procedures and strategies, delayed the project and escalated the costs.

By the time the 1979 policy announcement was made, the two generating boards (CEBG and South of Scotland Electricity Board) had already agreed with NNC the procedures, contract strategies, division of work, delegations, etc. for Heysham II and Torness advanced gas-cooled reactors. These were largely based on the procedures already adopted for Drax, which in turn took account of the detailed analysis of causes for delay in power station construction, both conventional and nuclear. This analysis had been communicated to Ministers by presentation to and to the Plowden Committee in 1975 by a very detailed presentation.

The discussions with Mr Denis Rooney, the then chairman of NNC, on the agreement for the two AGR stations took into account the boards' responsibilities as owner and the following points: boards' cost of ownership; responsibility for safety throughout the life of the stations; legal advice the boards had obtained on how they could

## Letters to the Editor

and could not contract for the station; NNC financial status; the need for the boards to ensure that all contracts for plant were drawn between the boards and the various contractors; boards' public accountability; the need for all tender lists to be approved by the boards; indeed in the design from the operators of Hinkley and Hunterston stations; the fact that the construction site licence would be issued to a named person in CEBG; the fact that once nuclear fuel arrived on site the licence holder would be the CEBG station manager.

I have reason to believe there were some who did not like the agreement between the boards and NNC, some who did not like the two AGRs going ahead. Time alone will tell who was right.

Strategies and contract arrangements were carefully thought out, and based on past experience, project management logic, and the responsibilities of the client/owner purchaser. They have been successfully applied to Drax, Heysham II and Torness, and in part used to sort out problems at Grain, Ince and Littlebrook.

Has it been cost effective, or even wise, to try to develop a new approach for the project management of the first PWR? Dennis Lomer, Heysham II, Heathfield Close, Woking, Surrey.

### The TGWU ballot

From the General Secretary, Transport and General Workers Union

Sir,—I would refer to your article (April 29) entitled "Row over fresh TGWU ballot." To ensure that readers receive the correct facts rather than editorialised comment I would state that the decision of the union to hold a repeat ballot was taken by the General Executive Council. It will conduct the ballot, not Evans or any other individual. I, as general secretary, have the responsibility to oversee the administration and will certainly not be issuing "personal" instructions that vary from the decision of the GEC.

I have as general secretary taken my responsibilities seriously and far from showing favouritism it will be my task to ensure, under the terms laid down by the GEC, that the ballot is conducted properly and fairly.

I believe this view would be upheld by all candidates who know my commitment to ensure the full lay participation of all our members.

Moss Evans, Transport House, Smith Square, SW1.

### A Channel link and allowances

From Mr J. Newman

Sir,—In April the Department of Transport issued an "invitation to promoters of a Channel link" to examine three principles on taxation the last of which was that there would be no discrimination between users of competing modes of transport (except perhaps with respect to duty free facilities).

From a UK capital allowances viewpoint the major part of the Channel link works will qualify as an industrial building, and as such will be entitled to a 25 per cent allowance as plant and machinery and then perhaps dredging and other minor allowances. Of course, some parts will not qualify for any allowances at all. The Finance Act 1984 and the Finance Bill 1985 state that the rate of initial allowances on industrial buildings and dredging works will be nil after April 1 1986. Thus, only an annual allowance at a rate of 4 per cent per annum will be due on the major part of the link works and that will be due when the link is actually "in use."

Competing modes of transport such as ferry boats, hovercraft and aircraft will not be entitled to first year allowances after April 1 1986 but will be entitled to writing down allowances at a rate of 25 per cent per annum and there will be no "in use" condition.

I put this discrepancy in allowances to the Department of Transport and asked it to confirm that industrial buildings allowances will come into line with those for ships. The Department's response has been to state that as was not acting for any promoting group it would not respond substantively. It assured me however that the points made had been noted carefully and that it was good of me to take an interest in the matter.

There are three worries that arise from this correspondence: the obvious one of whether the Inland Revenue was consulted initially, the lack of openness disclosed by the correspondence and, bearing in mind the fact

that most cross-Channel ferries have lasted for more than 25 years, the possible reduction in allowances on ships to 4 per cent per annum.

John A. Newman, 1, Old Burlington Street, W1.

### Ending rent controls

From the Director, Shelter

Sir,—I am writing to correct a small but important mistake in Peter Riddell's article (April 19) on Government plans to end rent controls on new lettings in the private rented sector.

The article says that "supporters of the change point out that the proposed legislation would only affect new lettings, while the controversial 1957 Act covered all tenants." This is, in fact, incorrect. The 1957 Rent Act removed rent controls from both new and existing lettings only at the upper end of the market (in London, for example, only 12 per cent of tenancies were affected in this way). All other existing tenancies remained subject to rent control, but all new tenancies were automatically deregulated.

Supporters of deregulation cannot, then, counter concerns about Ratchmanism by claiming their proposals are different from those of the 1957 Act, as far as the majority of lettings were concerned, they are essentially the same.

Indeed, the proponents of deregulation would do well to study the 1957 Rent Act and its eventual effects. Many of the claims being made for deregulation now were also made at the time of the 1957 Act. They were not realised. There was no evidence of any marked improvement in mobility, and the rate of decline in the private rented sector accelerated after 1957 rather than slowing down. In areas of shortage, especially London, fears that the Act would lead to exploitation were justified. We should not make the same mistakes again.

Sheila McKechnie, 157, Waterloo Road, SE1.

### Courage and conviction

From Miss B. North

Sir,—Sir Roy Shaw (April 22) states that in organising the necessary for tobacco sponsorship, all the arts need a further "small" subsidy to the Arts Council and accuses the Government of lacking the courage of its convictions. Many other people feel that the same is true of their particular interests. What neither he nor any of them will say, however, is from what alternative sector of the community this money should be taken, in view of the shortage of the supply! Where is the courage of their convictions?

(Miss) B. E. North, Trinity Church Square, SE1

JOURNEY—LONDON TO DIJON FOR SIX PEOPLE			
SCHEDULED FLIGHT		MCALPINE CHARTER	
DAY 1		DAY 1	
6.30	Alarm goes off	9.45	Alarm goes off
7.30	Depart Central London	10.45	Depart Central London
8.15	Arrive Heathrow	11.30	Arrive at McAlpine Executive Air Centre, Luton
8.55	Depart Heathrow	11.45	Depart Luton
11.25	Arrive Lyon (nearest scheduled airport to Dijon)	14.20	Arrive Dijon Airport
11.45	Clear Customs	14.30	Clear Customs
11.55	Taxi to Rail Station	14.50	Arrive Meeting MEETING
12.49	Depart Lyon Station	19.00	Meeting Ends
14.33	Arrive Dijon Station	19.20	Arrive Dijon Airport
14.50	Arrive Meeting MEETING	19.35	Depart Dijon Airport
19.00	Meeting Ends (you've missed the last scheduled flight from Lyon so you've had to book a hotel in Dijon)	20.10	Arrive Luton
19.45	Clear Customs	20.25	Clear Customs
20.30	Arrive Central London	21.10	Arrive Central London
COST £1,560 (not including train fares, taxis and hotel bills).		COST £1,900	

## No wonder the scheduled flight costs less.

It costs twice as much in time, quite apart from all the hassle and inconvenience of organising extra travel and accommodation. That's the advantage of flying McAlpine Charter.

For a start, McAlpine can land you at airports not served by the big airlines. We operate to your schedule not ours. And if your meeting takes longer than expected, travel plans can be changed at a minutes' notice.

Time is saved from the moment you arrive at our Executive Air Centre at Luton. Check-in and Immigration take just minutes and you board immediately.

On board you can expect first class service enjoying a free bar and the catering of your choice.

But we do have one thing in common with scheduled flights, and that's the quality of our crews. They conform to the same exacting rules and standards

that govern the major airlines. So the next time you have an important business meeting, give us a call and let us give you a quote.

We may not always be the cheapest form of flying. But aren't there times when there's more at stake than money?

Please send me further information about McAlpine Charter.

Name \_\_\_\_\_ Title \_\_\_\_\_

Company Address \_\_\_\_\_

Phone \_\_\_\_\_

McAlpine Aviation Ltd, Luton International Airport, Luton, Beds LU2 9NT, England. Tel: Luton (0582) 24182. Telex: 82185/82056 MACAV G.

**MCALPINE AVIATION**

→ Your business is worth it. ←







## Buitoni buys IRI food offshoot

BY JAMES BUXTON IN ROME

IRI, the Italian state-owned industrial holding company, announced yesterday that it had agreed to sell its food manufacturing and distribution company Società Meridionale Finanziaria (SME) to Buitoni, the private sector food company which recently came under the control of Sig Carlo de Benedetti, chairman of Olivetti.

The deal, which won admiration from political leaders but fury from trade unionists, is the biggest act of privatisation of an Italian state-controlled company. It marked a further major expansion of Sig de Benedetti's empire and will lead to the creation of one of the largest food groups in Europe.

Under the outline agreement, which has to be approved by the SME and Buitoni boards, Buitoni will pay L497bn (\$250.2m) for 64 per

cent of the capital of SME. Buitoni retains 51 per cent of this, and the remainder of the shares will be taken up by Mediobanca, the Milan merchant bank, and Istituto Mobiliare Italiano, the Rome financial institution.

The first L150bn will be paid at once and the remainder over 18 months.

The deal means that in only three months Sig de Benedetti, who has also been responsible for building Olivetti into one of Europe's biggest and most profitable data processing equipment makers, is now in control of a food manufacturing group whose sales in 1984 totalled more than L4,100bn.

In negotiations in February Sig de Benedetti's holding company CIR bought control of the Buitoni pasta and chocolate group from the

Buitoni family. The company lost L47.7bn in 1984 on sales of L1,035bn. CIR paid only L25bn for it, but is having to make a large injection of new capital.

The agreement to buy SME was made last weekend. The company is Naples-based and controls a range of food manufacturing companies including Alfar, Cirio and Italgel, a supermarket chain and a string of motorway restaurants. Sales in 1984 totalled L3,100bn.

SME was nationalised in 1963 and has lost L270bn in the six years up to 1983. Last year, however, it recorded a net profit of L50.2bn because recapitalisation and management restructuring carried out under Sig Giuseppe Rasero, the managing director installed by Professor Romano Prodi, IRI chairman. SME is the first of IRI's major

holding companies to return to profit since Sig Prodi took over in 1982. His strategy has been to return to the private sector those parts of IRI which he considered non-essential to the group's interests. However, the privatisation of companies so far has been limited.

Sig de Benedetti said yesterday the deal was "the first time that a publicly-owned company has passed into the hands of a private one to be paid for in cash." Usually, he said, the process was the other way round and cash did not change hands. He said he was paying "a lot of money" for SME.

He said yesterday that he would keep the management of SME intact but gave no guarantee on the future of its 20,000 strong labour force.

## Deficit for U.S. steel producer worsens

By Our Financial Staff

FIRST-QUARTER losses at LTV, the third largest U.S. steel producer, increased sharply from \$28m to \$156m. However, the deficit was down on the fourth-quarter loss of \$246.7m, which took the loss for the whole of 1984 to \$378.2m.

Sales by the Dallas-based group, which merged with Republic Steel in June last year, were up \$1.99bn for the latest quarter, compared with \$1.41bn.

Steel shipments rose more than 16 per cent from the fourth quarter but imports and the strong dollar sharply depressed prices.

The operating loss on steel for the quarter was \$111.7m up from \$27.4m a year ago. On the aerospace side income was higher at \$29.3m, against \$21.5m but energy products turned in a \$2.7m loss, compared with \$4m last time.

LTV said that integration of Republic Steel was taking longer and proving more difficult than expected because of low operating rates.

Low prices, reduced volume sales and the effect of imports in its metal business, pushed National Intergrupp to a net loss of \$17.9m, or \$1.86 a share in the first quarter.

For the year ago period the U.S. steel and financial services group, which now owns 50 per cent of National Steel, shows a profit of \$1.7m, giving a loss per share of 11 cents.

The 1985 three months includes an equity share of the net loss of National Steel, which was wholly owned in 1984, of \$19.9m. This was partly offset by a \$3.3m gain from a property sale.

The comparative period has been restated to show a \$6.38m charge for losses on trading contracts and purchase commitments for aluminium in ingots.

## Apple to discontinue Lisa computer output

BY LOUISE KEHOE IN SAN FRANCISCO

APPLE COMPUTER admitted that its "revolutionary" Lisa model had been a flop and announced that it would discontinue the two-year-old personal computer this summer.

Recently renamed the "Macintosh XL" in an attempt to link it to the more successful Apple Macintosh computer, Lisa was introduced with great fanfare in January 1983.

At the time, Apple chairman and founder, Mr Steve Jobs, boasted that Apple was "betting our company on the strategic decisions we made on Lisa."

Apple spent over \$50m developing the Lisa, and at least as much

again on advertising and market efforts. Lisa represented Apple Computer's first attempt to penetrate the corporate office market for personal computers, but the company met with strong competition from IBM. Apple must now rely upon Lisa's offspring, the Macintosh, to break IBM's hold on the office market.

Touted as the most "friendly" personal computer, for its ease of use features, Lisa's failure has been widely blamed upon its unfriendly original price of \$10,000. But a series of price cuts, bringing the price down to \$3,995, have done little to

boost Lisa sales. Apple also made what it now considers to be a serious error by not encouraging third-party software development for Lisa. As a result, very little business software is available for the Lisa.

Having "learned its lessons" with Lisa, Apple is now undertaking a big effort to boost its sales of Macintosh to corporate users. Macintosh incorporates much of Lisa's technology. It remains to be seen, however, whether Macintosh can succeed, where Lisa, and the Xerox Star that inspired many of its features, failed.

## FCA reduces loss in quarter

BY WILLIAM HALL IN NEW YORK

THE Financial Corporation of America (FCA), the West Coast thrift which ran into financial difficulties last year as a result of reckless property lending, has reported a \$36.1m net loss in its first quarter.

The latest loss compares with a profit of \$27.6m a year ago and a \$512.1m loss in the fourth quarter when the group was forced to make heavy provisions on its problem loans.

FCA took no additions to reserves for losses on loans and property in the latest quarter, and notes that the first-quarter loss reflects the significant drag on earnings

caused by the company's non-performing assets.

The latest figures indicate the scale of the recovery task facing FCA's new management team under Mr Bill Popejoy who replaced Mr Charles Knapp, the architect of FCA's rapid growth, after bank regulators became worried last summer.

The problems at FCA and some other savings and loans have caused nervousness among depositors who have been withdrawing funds and placing them in less risky institutions and commercial

banks. Mr Popejoy has been able to prevent a major run on his institution by nervous depositors, but he admits that the group is still being forced to pay a premium for its funds and has suffered some deposit outflow, particularly in March when \$328m was withdrawn.

However, the reduction in the premium FCA pays for its funds and the fall in interest rates has led to an overall decline in the group's cost of funds from 10.77 per cent in December to 10.31 per cent in March.

## Unocal defence suffers setback

BY OUR NEW YORK STAFF

UNOCAL, the West Coast oil company, has suffered a potentially damaging setback in its bid to fight off the unwelcome overtures of Mr T. Boone Pickens, the Texas oil man. A court in Delaware has ruled that it cannot exclude Mr Pickens from its \$3.6m offer to buy back almost a third of its shares.

Mr Fred Hartley, Unocal chairman, has waged a bitter battle to prevent the takeover by Mr Pickens. He said last week that if Mr Pickens, Unocal's biggest shareholder, tendered any of his 23m shares in the company, Unocal would refuse to buy them.

A Delaware chancery court ruled yesterday that Unocal could not proceed with its offer to shareholders unless Mr Pickens's investor group is also allowed to partici-

pate. Mr Pickens stands to make an estimated \$178m profit if he sells nearly a third of his 13.8 per cent stake back to the company. He has said that he will use the money to continue his pursuit of Unocal.

Unocal said yesterday it would await further legal developments before deciding whether to accept Mr Pickens's shares.

## Two troubled Canadian aircraft groups improve

BY BERNARD SIMON IN TORONTO

DE HAVILLAND AIRCRAFT of Canada, and Canadair, the state-owned aircraft manufacturer, improved their financial performance last year as the Government pressed ahead with efforts to privatise the two troubled companies.

De Havilland, which specialises in short-takeoff-and-landing commuter aircraft, reported its operating income of C\$11.4m (U.S.\$6.3m) in 1984, its first trading profit in two years. The operating loss in 1983 was C\$39.4m.

The company's heavy debt burden, however, produced a net loss of C\$40.4m last year, down from C\$235.5m in 1983. Sales rose from C\$121.7m to C\$204m.

De Havilland made the first deliveries last year of its Dash-8 model, whose high development costs contributed to recent losses. The company wrote off C\$78.1m in Dash-8 development expenses last year.

Canadair, whose main product is the Challenger executive jet, reported a C\$6m net profit in 1984 following a loss of C\$184.5m the previous year. Sales slipped from C\$367.1m to C\$378.4m.

A financial restructuring in early 1984 freed Canadair of more than C\$1bn of debt, transferring the burden to the Canadian Government. The debt grew to C\$1.3bn at the end of 1984.

## Ralston to sell fast-food chain

RALSTON PURINA has reached an agreement to sell its Foodmaker subsidiary, owner and operator of the Jack In The Box restaurant chain, to Forstmann Little and members of Foodmaker senior management, Reuters reports from New York.

The parties did not disclose the terms of the transaction, which is subject to customary conditions including agreement on a definitive contract and corporate approval. The Jack In The Box chain has about 800 fast-food restaurants in California, Texas and Arizona.

## Boeing takes off on higher interest income

BY OUR NEW YORK STAFF

BOEING, the leading U.S. aircraft manufacturer, increased its first-quarter net income by 41 per cent to \$110m on the back of a similar increase in sales to \$2.9bn.

The improvement reflected higher commercial jet transport earnings and increased interest income.

During the quarter 11 airlines announced orders for 23 jets valued at \$1bn. In the same period last year 26 new aircraft were ordered valued at \$700m. The higher value of the current orders reflects the demand for a greater number of wide body aircraft.

Mr T. A. Wilson, Boeing's chair-

man, says that the 1984 U.S. economic recovery which resulted in significantly improved airline traffic growth is expected to continue in 1985 but at lower growth rates. The improvement in traffic has essentially absorbed the excess capacity which plagued the airlines in recent years.

As a result, the company says the order outlook is favourable but the short-term marketing environment for commercial jet transports remains extremely competitive.

In the latest three months, Boeing delivered 48 aircraft, including four 747s.

## Warner-Lambert lifts earnings

BY TERRY BYLAND IN NEW YORK

BETTER PROFIT margins and a good performance by its domestic operations have helped Warner-Lambert, the health-care company, lift net income 12 per cent to \$60m or 78 cents a share for the first quarter. Sales, increased from

\$777m to \$795m. The strength of the dollar masked growth in the international divisions, where sales were 12 per cent up on the basis of local currencies but 2 per cent down after allowing for currency exchange rates.

**NKK**

Can. \$70,000,000

Nippon Kokan Kabushiki Kaisha

11 7/8 per cent. Guaranteed Notes 1992

The Notes will be unconditionally and irrevocably guaranteed by

The Fuji Bank, Limited

Issue Price 100 1/2 per cent.

Yamaichi International (Europe) Limited

Fuji International Finance Limited

Amro International Limited

Bankers Trust International Limited

Crédit Lyonnais

Credit Suisse First Boston Limited

Daiva Europe Limited

Dresdner Bank Aktiengesellschaft

Kleinwort, Benson Limited

Morgan Guaranty Ltd

Morgan Stanley International

The Nikko Securities Co., (Europe) Ltd.

Nomura International Limited

Orion Royal Bank Limited

Société Générale de Banque S.A.

Toronto Dominion International Limited

S.G. Warburg & Co. Ltd.

Wood Gundy Inc.

**The Limited, Inc.**  
has acquired 100%  
of the common stock of  
**Lerner Stores Corporation,**  
an indirect wholly owned  
subsidiary of  
**Rapid-American Corporation.**

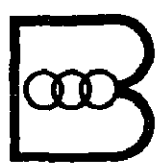
The undersigned initiated this  
transaction on behalf of  
and acted as financial advisor to  
**The Limited, Inc.**

April 1985

**SB LEWIS & Company**

76 Beaver Street  
New York, N.Y.  
10005





## Botswana RST Limited

Incorporated in the Republic of Botswana

### PRELIMINARY REPORT

Results of the company and its subsidiaries for the year ended December 31 1984 (subject to final audit).

	Year ended December 31 1984	Year ended December 31 1983
<b>PRODUCTION AND SALES (Tonnes)</b>		
PRODUCTION AT MINE		
Nickel/copper matte	51 845	48 083
SALES		
Matte	52 833	47 992
Metals—Nickel		857
—Copper		825
—Cobalt		12
<b>CONSOLIDATED INCOME STATEMENT</b>		
SALES		
Matte and metals	77 528	68 395
Operating profit	424	1 439
Interest earned	259	131
Interest paid	(8 201)	(7 415)
Realised currency exchange losses	(8 817)	(917)
Other expenses	(234)	(164)
Loss before deferred interest, deferred royalty and unrealised exchange losses	(14 371)	(6 926)
Interest accrued but deferred for payment	(106 277)	(76 148)
Royalty accrued but deferred for payment	(4 996)	(3 799)
Unrealised currency exchange losses	(98 995)	(19 146)
Net loss attributable to the shareholders of Botswana RST Limited	(226 839)	(106 019)
Accumulated deficit at beginning of the year	(379 326)	(273 307)
Accumulated deficit at end of the year	(606 145)	(379 326)
Net loss attributable to the shareholders of Botswana RST Ltd per ordinary share:		
Pula:	P12.62	P5.90
Sterling: at the rate of P1 equals £0.547 (1983: £0.593) ...	£6.90	£3.50
U.S. Dollars: at the rate of P1 equals \$0.638 (1983: \$0.662)	\$8.65	\$5.08

Registered Office:  
Administration Block  
BCL Mine Site  
P.O. Box 3, Selebi-Phikwe  
Botswana

By order of the Board.

May 1 1985

## INTERNATIONAL COMPANIES and FINANCE

### Dutch bank establishes a U.S. foothold

By Nancy Dunne in Washington

CREDIT-SQUEEZED U.S. farmers have been turning in increasing numbers to an unlikely rescuer: Rabobank, a Dutch bank, which expects to have \$100m out in loans in the American farm belt by early summer.

Working through a programme called MASL, a subsidiary of subsidiary of BABSCO Bankers Services, Inc., Rabobank is establishing an important foothold in the troubled farm states, which it expects will turn highly profitable once the agricultural sector is again on its feet. The bank has committed another \$100m to the programme and hopes to expand participation from the 15 states now signed up to 17 or 18 later this year.

The expansion comes at a time when small rural banks are sinking in droves, the U.S. farm credit system is showing increasing signs of strain, and 25 per cent of all American farm debt is thought to be in trouble. But that does not worry Rabobank, which with assets estimated at around \$400m, is the Netherlands' largest bank and the supplier of 90 per cent of its agricultural lending.

#### Steadiest borrowers

its loans, through the 12 state bank associations which capitalised MASL, go to only the steadiest borrowers in the system.

"We're after the top 30 per cent of the U.S. farmers—those who will survive the shake-out," says Mr Hugo Steensma, senior vice-president and general manager of Rabobank for the U.S. and Canada.

MASL was conceived in 1981 when several rural banks became alarmed about the sight of farm loans. The bank was brought in to tap money markets for cheaper funds than that available to most local commercial banks. Generally, its interest rates on borrowing banks is just slightly above the prime.

It costs a bank a minimum of \$5,000 and a maximum of \$14,750 to join MASL. The assessment, which pays operational costs, is based on a bank's assets.

MASL currently has 156 banks signed up for the programme with participation now involving about 560 farmers.

By lending through MASL, Rabobank can participate up to 80 per cent on an agricultural loan which it does on a "last in, first out" basis.

Property lending

Up to now, most of the lending has been for operating loans, but MASL is expected to enter soon the business of intermediate term real estate lending. With U.S. banks abandoning real estate loans, Rabobank is prepared to offer first and second mortgages for up to five years for qualified farmers.

Despite its strict qualifying standards, MASL has taken a few bumps with the rest of the U.S. farm lenders. Four of its participating banks have been closed, and some loan delinquencies have been reported.

However, says Mr Steensma, MASL is in for the long term and plans to take additional steps to offer other services to country banks it believes to be deserving of the risk.

### FRENCH BANK MAY SET UP LONDON SHARE-DEALING UNIT

## UK link for Société Générale

BY DAVID MARSH IN PARIS

SOCIÉTÉ GÉNÉRALE, the third largest French nationalised bank, is likely to set up an international share-dealing subsidiary in London in partnership with Hambro, the UK merchant bank this summer.

The plan, which has been under study for some months, will also involve the London stockbroker Strauss Turnbull, with which Société Générale already runs a joint venture for trading in Eurobonds in London.

The London share-dealing venture is expected to involve dealing in about 15 to 20 international equities on a continuous basis.

Although relatively small to start with, Société Générale's initiative represents the first move by a

French bank to set up an international equity dealing service outside Paris in response to demand from clients for more sophisticated investment facilities.

The move, expected to be decided by the Société Générale board next month, is part of French banks' gradual response to the opening up of deregulated securities markets in the U.S. and UK.

French banks have been absent up to now from the rush of international banks—mainly Americans—taking stakes in London stockbroker firms.

Ranque Nationale de Paris (BNP), the biggest French nationalised bank, has now pulled out of discussions—first revealed several months ago—aimed at buying a stake in London stockbroker Law

Prust. Showing it is still interested in expanding its existing financial service activities in London, BNP is however pursuing contacts with other London firms to try to increase its UK securities presence.

Société Générale's planned London venture is expected to incorporate trading in two or three leading French shares such as Elf Aquitaine.

Other components in the dealing service are expected to be leading European shares as well as South African, Australian and Asian equities.

The inclusion of French shares makes an important step. Paris stockbrokers have been increasingly nervous in recent months about the prospect that some international business in top French se-

curities could move to London to meet the needs of foreign investors. The threat has however mostly been perceived as coming from U.S. or UK broker companies—Merrill Lynch of the U.S. is seen as a particular risk—rather than from the French nationalised banking sector.

The French Government has recently taken some measures to try to improve competition in the domestic securities market, where stockbrokers benefit from a monopoly on house transactions. Commissions to be paid to banks on securities transactions have been cut and banks and brokers will be dealing on equal terms once a fledgling financial futures market, planned to start this autumn, becomes fully operational next year.

## No Hoesch dividend despite profits surge

BY PETER BRUCE IN BONN

HOESCH, one of West Germany's biggest steelmakers with major engineering interests, confirmed yesterday it would not be paying a dividend for 1984, despite a dramatic improvement in operating profits, which rose to DM 182m (\$58.5m) from DM 31m in 1983.

Although Hoesch has now not paid a dividend for eight years, Dr Detlev Karsten Rohwedder, chief executive, appeared to blame the current decision on the Economic Ministry, which he said had written to Hoesch in March suggesting that because the group had received restructuring subsidies

from the government, a dividend would not be appropriate. Dr Rohwedder said he regarded the letter as legally binding. But he added that Hoesch was talking to the Ministry in the hope that dividend could be paid this year.

Another board member, Herr Hero Brahm, however, struck a defensive note by saying the decision not to pay a dividend would anyway be "no surprise" to shareholders, who were not made any promises when they took part in a rights issue that raised MD 10m last year.

Dr Rohwedder also gave notice of possible further difficulties with Bonn by suggesting that because the European Commission had recently agreed to extra subsidies, amounting to some DM 100m, being paid to state-owned steel competitors in Italy, France, Belgium and Luxembourg, German producers should not be forced to repay their restructuring subsidies out of profits.

Hoesch's external turnover last year rose 7.6 per cent to DM 7.25bn, some 37 per cent, largely due to booming exports, particularly to the U.S. rolled steel production rose 12.5 per cent to 3.75m tonnes. But while the strong dollar helped sales,

material costs had risen even more strongly. Nevertheless, Hoesch's steel operations hit-off as a separate group at the beginning of last year, made profits after minor losses in 1983. For the group as a whole, interest payments continued to fall, this time to 1.7 per cent of total income from 2 per cent in 1983 and 2.7 per cent in 1982.

Net profits, at DM 94m, were DM 424m lower than in 1983. The figures are not really comparable, however, as the 1983 figure was boosted by DM 308m in state aid as well as the liquidation of reserves.

## Yamaha, Ford in engine deal

BY JOHN GRIFFITHS

YAMAHA MOTOR, best known as Japan's second largest motorcycle manufacturer, has signed a high-performance car engine contract with Ford of the U.S.

Under the deal, Ford will send Yamaha units of a new production engine, which has yet to be announced. Yamaha will adapt the basic units into a very high-performance engine, with four valves per cylinder, for resupply to Ford.

No details of the timing for the venture, the contract's value or the Ford models to which the engine will be fitted are being disclosed.

However, the contract indi-

cates that Yamaha—which, apart from motorcycles, has previously confined its other engine activities mainly to outboard motors—is now increasingly intent on expanding in the automotive field.

The Ford deal represents the second known contract Yamaha possesses with a car maker. Although rarely acknowledged by Toyota, Japan's largest car maker subcontracted to Yamaha at least part of its production of the 16-valve 1.6-litre engines it uses in its Corolla saloon and MR2 sports car models.

While Ford has acknowledged that a contract has been

signed, it has refused to comment on how the agreement with Yamaha might mesh with an engine development contract Ford also signed with Cosworth Engineering of the UK 16 months ago.

That contract was described as being mainly to develop a new engine for grand prix racing. However, at the time the deal was signed, Mr Walter Hayes, Ford's vice-president of public affairs, said Ford intended that the deal would lead also the development of a new generation of high-performance engines for its roadgoing cars.

### Low fee on \$400m EdF Euroloan

By Peter Montagnon, Euromarkets Correspondent

ELECTRICITE DE FRANCE is to pay an annual fee of just 64 basis points to banks participating in the \$400m, 10-year loan facility mandated last week to Bank of America, Bank of Tokyo, Bankers Trust and Societe Generale.

The fee, which is only marginally higher than that paid by other recent borrowers such as Imperial Chemical Industries and Unilever, suggests that top-rated borrowers remain largely unaffected by recent moves on the part of central banks to tighten up on capital requirements for such deals.

Terms of the EdF operation, revealed yesterday, make little concession to the stricter regulatory backdrop. The contract for the operation is to include a clause permitting lenders to recoup any extra costs they incur as a result of increased capital requirements.

Interest in the deal from Japanese banks was already said to be strong yesterday, though it will still take some days before the response of the rest of the market becomes clear. Bankers believe that EdF would like to increase the total amount of its facility if the response is positive.

The facility, which is to replace previous arrangements, is designed to back up the issue of Eurobonds denominated in Ecu or dollars, short-term bank advances and the issue of commercial paper in the U.S. where EdF already has an extensive programme.

If EdF draws on its back-up facility banks will receive a margin of eight basis points plus an additional fee of up to 17½ points depending how much is drawn. Including the facility fee means that banks would expect to receive a return of 31½ points if all the \$400m were used.

Front-end fees to lead managers total 20 basis points, which is much more than the three basis points fee on the recent Unilever facility. Compounding this fee through the life of the loan adds the equivalent of an extra three basis points to the facility fee, Societe Generale said.

## Sharp cut in Italsider losses

BY JAMES BUXTON IN ROME

NUOVA ITALSIDER, the major Italian steel producer which is part of the state-owned IRI-Finsider holding company, last year cut its losses by 38 per cent to L1,549bn (\$370m) from a deficit of L1,227bn in 1983.

However, the latest figure does not include an extraordinary loss of L1,350bn which the company attributed to the costs of cutting steel capacity in line with the reductions Italy agreed with the EEC Commission.

The loss, which was on sales that rose almost 15 per cent to

L4,594bn, was reached after allowing L422bn for depreciation. Debt servicing alone cost L544bn, some 11.6 per cent of sales.

Shareholders have agreed to write down capital from L3,171bn to L2,281bn and to increase it again to L2,320bn with an injection of new funds. Nuova Italsider last year cut its workforce by 13 per cent, shedding 5,285 workers from a total which stood at 40,537 at the end of 1983. The cuts were made at the company's plants in Genoa, Bagnoli (near Naples) and Taranto.

Condotte D'Acqua, the Italian state-owned construction company, last year reduced its losses from L400bn in 1983 to L15bn. The board of the company, which is part of the IRI-Italtel holding, said that there had been a change of direction in the fortunes of the group last year, even though it was still suffering heavily from financial charges as a result of delays in payments.

Group sales in 1984 amounted to L181bn and orders were L1,429bn.

### OK Bazaars falls for third year running

By Our Financial Staff

OK BAZAARS, one of South Africa's leading retail chains, has suffered a third successive year of declining profits amid a slide in consumer spending which the company said, yesterday, showed no signs of abating.

Pre-tax earnings for the year to March emerged at R28.31m (\$13m), compared with R39.27m in 1983-84, on sales which, although slightly ahead at R1,966m, against R1,766m, had failed by far to keep pace with inflation.

At the net level profits were R12.17m, compared with R21.91m, and the dividend is being cut to 60 cents for the year, down from R1.08.

The company warned that earnings in the first half of the current year would go well down because of an erosion of demand, particularly on the furniture and appliances side. This time last year it had already identified a trend away from spending on durables.

However, OK Bazaars stressed its continued balance sheet strength, with gearing brought down to 28 per cent of shareholders' funds by the year-end. The group gave the net worth per share as R26.60, against R18.30, in contrast to the fall in earnings to R1 per share, from R1.81.

### Strong gain at Norske Shell

NORSKE SHELL, the Norwegian subsidiary of the Shell Oil multinational, almost trebled pre-tax profits last year to Nkr 1,400m (\$146m) from Nkr 500m in 1983. Turnover increased by Nkr 500m to Nkr 8.3bn writes Fay Gjerster in Oslo.

The result mainly reflected increased oil production from the Statfjord field in the North Sea, in which Norske Shell has an 8.4 per cent stake.

## Reuters Holdings PLC

has acquired through a wholly-owned subsidiary

### Rich, Inc.

We acted as financial advisor to Reuters Holdings PLC in this transaction and assisted in the negotiations.

## Merrill Lynch Capital Markets

May 1, 1985

This announcement appears as a matter of record only. All of the securities referred to below have been sold.

\$170,000,000

## Time Inc.

Short-Term Promissory Notes

We acted as dealer in the private placement of these Notes.

PaineWebber Incorporated

April 1985



# INTL. COMPANIES & FINANCE

## Air India plans \$450m funding for Airbus deal

By JOHN ELLIOTT in NEW DELHI

AIR INDIA is expected to invite bids from international banks within the next two weeks for a financial package of \$450m to finance the purchase of six Airbus A320 passenger jets with spares.

It will seek two forms of financing: a combination of export credit and syndicated bank loans, having been persuaded by Grindlays and Chartered, its advisers, that it should explore leasing as a potentially cheaper form of financing than Euro-loans.

Because India is not prepared to hand over ownership of the jets to another country, Air India will be asking for what it calls an instalment sale, with all straight leasing. Under an instalment sale, the airline would acquire the aircraft and maintain the ownership and registration, even though the financial repayments would be similar to leasing. This idea has been pushed by Grindlays.

Airbus has offered to cover about 65 per cent of the total cost with export credits. So, Air India and the Ministry of Finance will decide when they

receive the bids how to split the financing between the various forms on offer.

Apart from Grindlays and Chartered, two other main groups of banks are believed to be preparing bids for syndicated loans. One which will offer tax sparing is led by Lloyds International and Banque Nationale de Paris and includes Chase Manhattan, National Westminster, Midland, Chemical and Mitsubishi.

The other includes Morgan Guaranty, Orion, Societe Generale, and Hong Kong and Shanghai.

## Steep decline at Sun Hung Kai

HONG KONG - Sun Hung Kai & Co. of Hong Kong yesterday reported sharply lower profits for 1984, attributed largely to decreasing revenues from its commodities and securities divisions.

Group net profits were HK\$14.45m (US\$1.86m) compared with HK\$22.15m for 1983. This excludes extraordinary losses of HK\$6.25m for last year and HK\$1.66m in the previous period. Allowing for these losses slipped to HK\$8.17m from HK\$21.49m.

The total dividend for the year is being cut to 1.5 cents a share from 2.5 cents.

Shareholders yesterday approved the sale agreed last month of Sun Hung Kai Bank to Arab Banking Corporation of Bahrain for HK\$560m. The sale resulted in an extraordinary loss of HK\$1.66m.

Group earnings meanwhile had risen sharply in the first quarter of the current year to a level above earnings for the whole of 1984, according to Mr William Arthur, the chief executive.

He said the exact figure would be contained in a prospectus due on May 13 for the general offer on outstanding shares in the company.

Since the year-end, Paribas has sold its stake back to Mr Sun Hung Kai, leaving Mr Sun a minority partner.

Mr Arthur - a former chairman of Merrill Lynch International - identified causes of the profits fall as high interest costs, and a decline in commission income from gold dealing, commodities trading and overseas securities transactions.

The company's China trade division was also unprofitable. Mr Arthur said. Results of the banking side were not outlined separately.

Mr Arthur announced that Sun Hung Kai is to acquire a 25 per cent interest in Tien An Development, a China finance venture jointly owned by the state-run Bank of China, China Resources Company and Asia Travel Services.

In order to bolster its investment banking operations, Sun Hung Kai is also planning an operational merger between Widely Credits, its licensed deposit-taker, and its stockbroking unit.

Speaking of Merrill Lynch's 1984 decision to leave Hong Kong, Mr Arthur said: "We certainly didn't get it right. I don't think our crystal ball forecast the colony's economic troubles of those years."

## Saudi group audits Bahrain bank

By OUR FINANCIAL STAFF

MIDDLE EAST Financial Group, the Luxembourg-based holding company for Saudi Arabian banking interests, said yesterday that it is finalising an acquisition audit of Arab Asian Bank, the Bahraini bank for which it is making a takeover bid.

MEFG is owned by the Bin Mubarak and Kaad families of Saudi Arabia, who also own the Jeddah-based National Commercial Bank.

MEFG already has a stake in Arab Asian Bank, which it is supervising in conjunction with the Bahrain Monetary Authority. Arab Asian Bank has yet to report its results for 1984.

The United Bank of Kuwait, the London-based consortium bank, is "measurable" to get another shareholder: the Public Institution for Social Security in Kuwait. The institution, which manages Kuwait's state pension

fund, will subscribe for 3m shares of 21 each, bringing the bank's total capital to \$75.4m (\$80.2m), on top of which it has \$40m in subordinated loans.

The United Bank is owned by 18 Kuwaiti institutions and made a pre-tax profit of \$10.8m last year.

Finis Barre in Riyadh writes: The directors of the Saudi Investment Bank (SIB) have decided to recommend the retention of all 1984 profits, after a \$166.6m drop in assets and a downturn in earnings.

SIB reported that a harsher banking climate has resulted in a drop in retained profits from \$3.97m to \$3.36m and the directors are recommending that the profits be used to boost the general reserve almost doubling it to \$34.4m. Reserves against possible loan losses have been increased from \$25.1m to \$34.9m. Net loans and advances

were slightly higher at \$402.8m.

The founder institutions of the bank also agreed to return their 1983 dividends worth \$1.88m to build up shareholders' funds.

Net commission income rose slightly from \$22.97m to \$23.3m in 1984 but the bank said that strict income reporting and lower asset levels dragged down gross commission income.

AP-DJ adds from Riyadh: United Saudi Commercial Bank has reported profits of 1.59m riyals (\$0.44m) during its first full year of operation.

The bank was launched by Bank Melli Iran, Banque du Liban, and United Bank of Pakistan. These banks own 10 per cent each of USCB, as does Saudi International Bank, while private Saudi shareholders own the remaining 60 per cent.

## Sime Darby changes new town scheme

By Wong Sulong in Kuala Lumpur

CONSOLIDATED Plantations and United Estates Projects, two major units of Sime Darby, Malaysia's largest non-oil conglomerate, have announced a change in the plan to develop a 200,000-population township outside Kuala Lumpur.

Under the revised plan, the township which is 63 per cent owned by Sime, will relinquish its stake in the development of the proposed Seafield Jaya for 13.6m ringgit (US\$4.7m), making UEP the exclusive developer.

Originally, the 1,800-acre Seafield estate, belonging to Comp, was to be developed on a partnership basis with Comp, taking 70 per cent. However, following Sime's acquisition of 47 per cent in UEP, Sime has taken the view that its property development should be placed under UEP.

## Sharp fall in net profits at Cycle and Carriage

By OUR FINANCIAL STAFF

CYCLE AND CARRIAGE, the Singapore motor distributor, yesterday announced a 72.7 per cent slide in net profits to \$33.98m (US\$4.15m) for the six months to March, down from \$124.16m in the comparable period of 1983-84.

The company blamed a decline in car sales - it held franchises for Mitsubishi, where it said profit margins had also narrowed significantly over the period, and for Honda, where turnover fell from \$315.85m to \$212.73m.

The interim dividend is being halved to 5 cents a share and the company forecasts a poor result for the current half-year "unless there is material change in market conditions."

Other detrimental factors identified by C & C were moves last month by the Singapore Government to curb the number of cars on the roads, and for Honda to raise import duties for Malaysian import duties for

locally assembled cars.

Wong Sulong adds from Kuala Lumpur: at Cycle and Carriage, the fall in pre-tax profits was 85 per cent to 1.1m ringgit (US\$0.44m) on turnover down 14 per cent to 1.53m ringgit.

C&C is declaring a three-for-five scrip issue, to bring its paid-up capital to 85.2m ringgit. The interim dividend is cut from 10 cents to 3 cents.

The sharp deterioration in the car market in Singapore, coupled with keen competition in Malaysia, also resulted in a 10 per cent fall in 1984 pre-tax profit for Tan Chong, a distributor of Nissan cars.

Taxable earnings were down to 66.5m ringgit (\$2.6m) on flat turnover of 1.14bn ringgit. Net profit was down 7 per cent to 37.7m ringgit.

Tan Chong said sales in Singapore fell 20 per cent to 226m ringgit, while there was a 7.5 per cent increase in sales from Malaysia to 922m ringgit.

Tan Chong is paying a final 6 per cent dividend, making a total of 16 per cent compared with 8.5 per cent.

## DEVELOPMENT BANK OF THE PHILIPPINES

Kuwaiti Dinars 7,000,000 8 1/2% Bonds Due 1985/1990

OPTION TO REDEMPTION ON OCTOBER 1st 1985

Notice is hereby given that under Condition 5(C) of the Bonds, the holders of any of the above Bonds shall have the option to have such Bonds redeemed by the Bank at 100 per cent on October 1st 1985. To exercise the option the holder of Bonds shall deposit the Bonds to the Paying Agents at the addresses given below from whom payment is requested at any time between June 1st 1985 and June 30th 1985 (both dates inclusive).

Any Bonds so deposited may not be withdrawn without the prior consent of the Bank.

**FISCAL AGENT:**  
**KUWAIT INTERNATIONAL INVESTMENT CO. S.A.K.**  
P.O. Box 22702, Gata No. 1, 8th Floor  
Sahiyah Commercial Complex, Kuwait

**PAYING AGENTS:**  
**KREDITBANK S.A. LUXEMBOURGISE**  
37, Rue Notre Dame, Luxembourg

**MORGAN GUARANTY TRUST CO. OF NEW YORK**  
36, Avenue des Arts, 1040 Brussels, Belgium

**ABU DHABI INVESTMENT COMPANY**  
Sheikh Khalifa Street, Abu Dhabi, U.A.E.

**MERRILL LYNCH INTERNATIONAL BANK LTD**  
Merrill Lynch House, 5 Newgate Street  
London EC4A 3DF, United Kingdom

by  
**Kuwait International Investment Co. S.A.K.**  
(fiscal agent)

## Amrel earnings plunge despite higher turnover

By JIM JONES in JOHANNESBURG

AMALGAMATED Retail (Amrel), the leading South African retailer of furniture and footwear, was badly affected by recession and austerity measures in the year to March.

Although turnover rose to \$408.7m (\$240m) from \$340.8m, significantly narrower margins and higher interest charges contributed to a drop in pre-tax profit to \$7.6m from \$28.2m.

The directors say that sales of durables dropped to alarm-

ingly low levels following austerity measures last July and August. They add that prospects are not encouraging and that sales will continue to be affected by unacceptably high interest rates and continuing erosion of disposable incomes.

Earnings dropped by more than two-thirds to 71 cents a share from 206 cents and the dividend has been cut to 24 cents from 71 cents. Amrel is a 74 per cent-owned subsidiary of South African Breweries, the diversified beverage and consumer goods group.

## JAPANESE COMPANY RESULTS

DAI NIPPON METAL STORES			
Year to	Feb '85	Feb '84	
Revenue (bn)	1,444	1,384	
Pre-tax profit (bn)	12.01	11.67	
Net profit (bn)	12.01	11.55	
Net per share	130.71	141.59	
Consolidated loss			
GREEN CROSS PHARMACEUTICALS			
Year to	Dec '84	Dec '83	
Revenue (bn)	88	80	
Pre-tax profit (bn)	7.05	8.36	
Net profit (bn)	2.54	3.81	
Net per share	12.80	21.11	

KIRIN BREWERY			
Year to	Jan '85	Jan '84	
Revenue (bn)	1,228	1,141	
Pre-tax profit (bn)	25.43	20.61	
Net profit (bn)	28.88	23.33	

SEKISUI HOUSE PREFABRICATED HOMES			
Year to	Jan '85	Jan '84	
Revenue (bn)	461	448	
Pre-tax profit (bn)	18.51	15.82	
Net profit (bn)	17.33	15.06	
Net per share	23.65	20.52	

## BAT INDUSTRIES

NOTICE IS HEREBY GIVEN TO THE HOLDERS OF EURO CURRENCY SECURITIES ISSUED BY:

**BAT INTERNATIONAL FINANCE P.L.C.**  
-74% Guaranteed Notes 1987-1994  
-100% Guaranteed Notes 1991-1994  
(Guaranteed by British-American Tobacco Co. Ltd and BAT Industries plc, respectively)

**BAT FINANCE BV**  
-11% Guaranteed Notes 1989  
(Guaranteed by BAT Industries plc)

The 1984 Report and Accounts of all companies referred to above are available on request from The Secretary, BAT Industries plc, 50 Victoria Street, London SW1H 0LE.

### JUGOBANKA UNITED BANK

to Holders of Floating Rate Notes 1989

NOTICE IS HEREBY GIVEN BY Barclays Bank PLC, as Fiscal Agent for the Jugobanka United Bank in respect of the Notes and Coupons, that in consideration of the obligations imposed by Condition 6(a) of the Terms and Conditions applicable to the Notes, the Notes of US\$10,000 prefix 'A' and Notes of US\$1,000 prefix 'B' each bearing the serial numbers listed below have been drawn in manner approved by the Fiscal Agent for redemption on 30th May 1985 at their principal amount.

Notes of US\$10,000 each:									
1	2	3	4	5	6	7	8	9	10
188	195	207	222	226	237	240	253	273	283
343	343	371	374	380	391	399	403	408	409
402	407	412	433	443	449	450	456	457	457
469	475	482	483	483	483	483	483	483	483
1061	1071	1077	1081	1082	1083	1084	1096	1112	1121
1275	1289	1296	1297	1302	1303	1304	1331	1338	1339
1426	1428	1431	1478	1482	1483	1491	1497	1520	1512
1597	1602	1608	1612	1613	1618	1624	1628	1630	1634
1732	1733	1735	1801	1819	1824	1847	1873	1900	1903
1999	2008	2020	2027	2030	2047	2048	2051	2070	2072
2118	2139	2148	2151	2152	2225	2226	2237	2235	2239
2405	2432	2441	2444	2452	2453	2458	2473	2497	2499

Notes of US\$1,000 each:									
1	2	3	4	5	6	7	8	9	10
188	195	207	222	226	237	240	253	273	283
343	343	371	374	380	391	399	403	408	409
402	407	412	433	443	449	450	456	457	457
469	475	482	483	483	483	483	483	483	483
1061	1071	1077	1081	1082	1083	1084	1096	1112	1121
1275	1289	1296	1297	1302	1303	1304	1331	1338	1339
1426	1428	1431	1478	1482	1483	1491	1497	1520	1512
1597	1602	1608	1612	1613	1618	1624	1628	1630	1634
1732	1733	1735	1801	1819	1824	1847	1873	1900	1903
1999	2008	2020	2027	2030	2047	2048	2051	2070	2072
2118	2139	2148	2151	2152	2225	2226	2237	2235	2239
2405	2432	2441	2444	2452	2453	2458	2473	2497	2499

Notes of US\$100,000 each:									
1	2	3	4	5	6	7	8	9	10
188	195	207	222	226	237	240	253	273	283
343	343	371	374	380	391	399	403	408	409
402	407	412	433	443	449	450	456	457	457
469	475	482	483	483	483	483	483	483	483
1061	1071	1077	1081	1082	1083	1084	1096	1112	1121
1275	1289	1296	1297	1302	1303	1304	1331	1338	1339
1426	1428	1431	1478	1482	1483	1491	1497	1520	1512
1597	1602	1608	1612	1613	1618	1624	1628	1630	1634
1732	1733	1735	1801	1819	1824	1847	1873	1900	1903
1999	2008	2020	2027	2030	2047	2048	2051	2070	2072
2118	2139	2148	2151	2152	2225	2226	2237	2235	2239
2405	2432	2441	2444	2452	2453	2458	2473	2497	2499

Notes of US\$10,000 prefix 'A' and Notes of US\$1,000 prefix 'B' each bearing the serial numbers listed below have been drawn in manner approved by the Fiscal Agent for redemption on 30th May 1985 at their principal amount.

Notes of US\$10,000 each:									
1	2	3	4	5	6	7	8	9	10
188	195	207	222	226	237	240	253	273	283
343	343	371	374	380	391	399	403	408	409
402	407	412	433	443	449	450	456	457	457
469	475	482	483	483	483	483	483	483	483
1061	1071	1077	1081	1082	1083	1084	1096	1112	1121
1275	1289	1296	1297	1302	1303	1304	1331	1338	1339
1426	1428	1431	1478	1482	1483	1491	1497	1520	1512
1597	1602	1608	1612	1613	1618	1624	1628	1630	1634
1732	1733	1735	1801	1819	1824	1847	1873	1900	1903
1999	2008	2020	2027	2030	2047	2048	2051	2070	2072
2118	2139	2148	2151	2152	2225	2226	2237	2235	2239
2405	2432	2441	2444	2452	2453	2458	2473	2497	2499

Notes of US\$1,000 each:									
1	2	3	4	5	6	7	8	9	10
188	195	207	222	226	237	240	253	273	283
343	343	371	374	380	391	399	403	408	409
402	407	412	433	443	449	450	456	457	457
469	475	482	483	483	483	483	483	483	483
1061	1071	1077	1081	1082	1083	1084	1096	1112	1121
1275	1289	1296	1297	1302	1303	1304	1331	1338	1339
1426	1428	1431	1478	1482	1483	1491	1497	1520	1512
1597	1602	1608	1612	1613	1618	1624	1628	1630	1634
1732	1733	1735	1801	1819	1824	1847	1873	1900	1903
1999	2008	2020	2027	2030	2047	2048	2051	2070	2072
2118	2139	2148	2151	2152	2225	2226	2237	2235	2239
2405	2432	2441	2444	2452	2453	2458	2473	2497	2499

Notes of US\$100,000 each:									
1	2	3	4	5	6	7	8	9	10
188	195	207	222	226	237	240	253	273	283
343	343	371	374	380	391	399	403	408	409
402	407	412	433	443	449	450	456	457	457
469	475	482	483	483	483	483	483	483	483
1061	1071	1077	1081	1082	1083	1084	1096	1112	1121
1275	1289	1296	1297	1302	1303	1304	1331	1338	1339
1426	1428	1431	1478	1482	1483	1491	1497	1520	1512
1597	1602	1608	1612	1613	1618	1624	1628	1630	1634
1732	1733	1735	1801	1819	1824	1847	1873	1900	1903
1999	2008	2020	2027	2030	2047	2048	2051	2070	2072
2118	2139	2148	2151	2152	2225	2226	2237	2235	2239
2405	2432	2441	2444	2452	2453	2458	2473	2497	2499

NOTICE OF CALL AND REDEMPTION			
To the Holders of			
The Bank of Tokyo, Ltd., Seattle Branch			
(Incorporated with limited liability in Japan)			
US\$50,			



## INTERNATIONAL COMPANIES and FINANCE

## N. AMERICAN QUARTERLY RESULTS

AMSTERDAM-BOSCH Largest U.S. brewer		1984-85 1983-84	
First quarter	1984	1983	
Revenue	1,840m	1,470m	
Net profit	80.5m	77.7m	
Net per share	1.73	1.46	

AVNET Electronic components, electronic sectors		1984-85 1983-84	
Third quarter	1984	1983	
Revenue	362.5m	427.2m	
Net profit	6.7m	22.9m	
Net per share	0.27	0.94	
Minor losses	1.2m	1.2m	
Net profit	41.8m	62.8m	
Net per share	1.77	1.77	

BALLY MANUFACTURING Gaming eqpt., hotels and casinos		1984-85 1983-84	
First quarter	1984	1983	
Revenue	263.7m	272.7m	
Net profit	4.7m	30.0m	
Net per share	0.10	0.71	

BAKER INTERNATIONAL Oil & mining services		1984-85 1983-84	
Six months	1984-85	1983-84	
Revenue	528.5m	897.2m	
Net profit	35.7m	27m	
Net per share	0.55	0.36	

BP CANADA Energy		1984-85 1983-84	
First quarter	1984	1983	
Revenue	67.7m	62.2m	
Net profit	13.4m	15.1m	
Net per share	0.52	0.51	

BOWEN-WATKINS Waste disposal		1984-85 1983-84	
Second quarter	1984-85	1983-84	
Revenue	259.5m	251.0m	
Net profit	23.5m	14.3m	
Net per share	0.69	0.50	

BRUNSWICK Marine, recreational products		1984-85 1983-84	
First quarter	1984	1983	
Revenue	368.4m	377.5m	
Net profit	23.2m	22m	
Net per share	1.05	1.00	

CANADA DEVELOPMENT Investment holding		1984-85 1983-84	
First quarter	1984	1983	
Revenue	1,600m	1,610m	
Net profit	13.1m	1.4m	
Net per share	0.04	0.03	

CENTEL Telephone, electric utilities		1984-85 1983-84	
First quarter	1984	1983	
Revenue	226.7m	234.3m	
Net profit	31.4m	25.1m	
Net per share	1.13	1.04	

CONTINENTAL AIR Passenger carrier		1984-85 1983-84	
First quarter	1984	1983	
Revenue	363.1m	217.7m	
Net profit	15.1m	14.5m	
Net per share	0.50	0.50	

D & G Electronic equipment		1984-85 1983-84	
First quarter	1984	1983	
Revenue	273.5m	246.5m	
Net profit	12.5m	12.5m	
Net per share	0.46	0.46	

ENGLAND Metals refining, minerals		1984-85 1983-84	
First quarter	1984	1983	
Revenue	575.2m	642.7m	
Net profit	11.7m	115.8m	
Net per share	0.44	10.55	

EQUIPMENT Pharmaceuticals		1984-85 1983-84	
First quarter	1984	1983	
Revenue	199m	199m	
Net profit	0.1m	7.5m	
Net per share	0.21	0.77	

GEMINTECH Biotechnology		1984-85 1983-84	
First quarter	1984	1983	
Revenue	26.2m	15.3m	
Net profit	715.0m	206.0m	
Net per share	0.95	0.95	

GULF CANADA Petroleum refining		1984-85 1983-84	
First quarter	1984	1983	
Revenue	1,085m	1,085m	
Net profit	97.0m	73.5m	
Net per share	0.45	0.32	

HASBRO BRADLEY Toys and games		1984-85 1983-84	
First quarter	1984	1983	
Revenue	235.8m	63.5m	
Net profit	16.8m	5.0m	
Net per share	0.53	0.29	

HOOPER Household appliances		1984-85 1983-84	
First quarter	1984	1983	
Revenue	166.7m	185.1m	
Net profit	71.1m	71.1m	
Net per share	0.90	0.90	

INGERSOLL-RAND Air compressors, industrial eqpt.		1984-85 1983-84	
First quarter	1984	1983	
Revenue	61.2m	57.2m	
Net profit	14.2m	14.2m	
Net per share	0.68	0.68	

KELLOGG Ready-to-eat cereals		1984-85 1983-84	
First quarter	1984	1983	
Revenue	703.5m	647.1m	
Net profit	71.1m	68.9m	
Net per share	1.15	0.91	

LEAN SUGAR Aerospaces, industrial products		1984-85 1983-84	
Third quarter	1984-85	1983-84	
Revenue	571.5m	542.5m	
Net profit	24.7m	51.8m	
Net per share	1.35	1.20	
Minor losses	1.74m	1.21m	
Revenue	1,740m	1,210m	
Net profit	66.1m	56.1m	
Net per share	3.62	3.32	

MACLEAN HUNTER Publishing, broadcasting		1984-85 1983-84	
First quarter	1984	1983	
Revenue	224.5m	258.5m	
Net profit	5.7m	7.2m	
Net per share	0.27	0.31	

ML INDUSTRIES Oil services, chemicals, metals		1984-85 1983-84	
First quarter	1984	1983	
Revenue	327.4m	315.3m	
Net profit	4.4m	912.0m	
Net per share	0.03	0.03	

OCEAN DRILLING & EXPLORATION Oil & gas		1984-85 1983-84	
First quarter	1984	1983	
Revenue	167.5m	185.3m	
Net profit	13m	23.3m	
Net per share	0.25	0.45	

ODDER CORPORATION Diversified services		1984-85 1983-84	
First quarter	1984	1983	
Revenue	574.2m	528.5m	
Net profit	12.5m	71.7m	
Net per share	0.23	0.91	

PERKINS Natural resources		1984-85 1983-84	
First quarter	1984	1983	
Revenue	57.5m	68.2m	
Net profit	57.4m	68.2m	
Net per share	1.20	1.25	

PITNEY BOWES Mailing systems, word processors		1984-85 1983-84	
First quarter	1984	1983	
Revenue	413.7m	421.3m	
Net profit	31.6m	29.8m	
Net per share	0.80	0.76	

POLAROID Instant photography		1984-85 1983-84	
First quarter	1984	1983	
Revenue	291.7m	258.3m	
Net profit	13.5m	6.4m	
Net per share	10.45	0.21	

QUAKER OATS Foods, toys and mail order		1984-85 1983-84	
Third quarter	1984-85	1983-84	
Revenue	620.5m	587.7m	
Net profit	36.4m	25.5m	
Net per share	0.86	0.64	
Minor losses	2.59m	2.62m	
Revenue	59.9m	56.7m	
Net profit	2.22	2.16	

SONAT Gas transmission, oilfield svcs.		1984-85 1983-84	
First quarter	1984	1983	
Revenue	545.5m	545.5m	
Net profit	45.2m	9.6m	
Net per share	1.22	1.20	

SOUND Drugs, cosmetics		1984-85 1983-84	
First quarter	1984	1983	
Revenue	453.1m	438.5m	
Net profit	42.3m	35.5m	
Net per share	0.75	0.69	

TEXAS EASTERN Gas pipelines, oil		1984-85 1983-84	
First quarter	1984	1983	
Revenue	1,520m	1,485m	
Net profit	44.5m	55.2m	
Net per share	0.85	1.13	

TEXAS UTILITIES Electric utility		1984-85 1983-84	
First quarter	1984	1983	
Revenue	907.2m	836.5m	
Net profit	116.5m	105.2m	
Net per share	0.90	0.86	

TEKTRON Aerospaces, electronics		1984-85 1983-84	
First quarter	1984	1983	
Revenue	101.4m	—	
Net profit	1.2m	35.5m	
Net per share	1.35	0.72	

TIGER INTERNATIONAL Air freight		1984-85 1983-84	
First quarter	1984	1983	
Revenue	27m	270.5m	
Net profit	4.7m	7m	
Net per share	0.21	0.34	

TIMES MIROR Newspapers, forest products		1984-85 1983-84	
First quarter	1984	1983	
Revenue	770.3m	836.5m	
Net profit	77.1m	25.7m	
Net per share	10.32	0.48	

TRIMARK Newspapers, broadcasting		1984-85 1983-84	
First quarter	1984	1983	
Revenue	449.5m	294.5m	
Net profit	16.8m	9.8m	
Net per share	0.41	0.25	

USF & S Property/casualty insurance		1984-85 1983-84	
First quarter	1984	1983	
Revenue	770.3m	836.5m	
Net profit	77.1m	25.7m	
Net per share	10.32	0.48	

VARIAN ASSOCIATES High tech products		1984-85 1983-84	
Second quarter	1984-85	1983-84	
Revenue	246.4m	228.3m	
Net profit	12.5m	15.3m	
Net per share	0.58	0.71	
Minor losses	474.5m	422m	
Revenue	26.3m	28.5m	
Net profit	1.19	1.30	

WASHINGTON POST Newspapers, magazines		1984-85 1983-84	
First quarter	1984	1983	
Revenue	262.5m	216.5m	
Net profit	24.5m	8.1m	
Net per share	1.78	0.64	

WASTE MANAGEMENT Waste disposal		1984-85 1983-84	
First quarter	1984	1983	
Revenue	372.5m	277m	
Net profit	36.5m	51.5m	
Net per share	0.75	0.85	

New chief leads an abrupt change. Kenneth Gooding reports  
Garuzzo steers Iveco to recovery

THE ABRUPT change of direction by Iveco, the Fiat-owned group which is Western Europe's second-largest heavy truck producer, seems to be having the desired effect.

The company has operated profitably so far this year, and in 1985 expects to produce about 100,000 vehicles, well above break-even level.

According to Sig Giorgio Garuzzo, the managing director that break-even point has been reduced from an annual output of 120,000 five years ago to about 90,000 vehicles.

Sig Garuzzo moved into the driving seat in May last year. His predecessor, Sig Giorgio Manina, for three years had attempted to get Iveco back to profit by going for growth—boosting its share of world truck markets and European markets in particular.

When it became apparent this strategy was doomed to failure, Sig Garuzzo was brought in to cut costs in all areas to bring down the level of output at which Iveco breaks even.

Output was 83,000 vehicles in 1984 and Iveco did better at the operating level. But the financial results were hit by the one-off cost of the closure of Iveco's truck production in Trapani in France and the 1,250 redundancies involved.

As a result, says Sig Garuzzo, Iveco's loss for 1984 was larger than the Ford 233m (\$65.6m) suffered in 1983. Full details of the financial results from the Amsterdam-registered company will be released in a month or so.

Iveco closed a bus plant at Mainz in West Germany in 1984 with 1,400 job losses and, with other measures, the workforce has been reduced from 48,000 in 1981 to 35,000. Of that total, 22,000 are in Italy, 6,000 in West Germany and 3,000 in France.

This will give some comfort to employees at the bus plant at Fourchambault, near Lyons in France which has seemed threatened by closure. The European bus business is in a poor state and Iveco is not the only producer to feel the pinch. About 20 employees are laid off at Iveco's bus factory in Valle Uffita, Italy.

Iveco was formed in 1975 and has been the largest production vehicle interests of Fiat—including Lancia and OM in



Italy and Unic in France—with those of Magirus in West Germany.

This gave the group three "A" ratings. But the recent closures have caused considerable concern outside Italy and Iveco has constantly had to reassure employees it remains committed to production in France and Germany, as well as Italy.

For example, Iveco balanced the news of the Trapani plant closure with an announcement that it would spend FF2,300m (\$31.5m) at the Bourbon Lancy factory where 20,000 diesel engines a year are built.

Iveco is one of the world's major diesel engine producers with a total output of just under 250,000 last year (and a forecast production of just over 250,000 for 1985), mainly from the Sofim plant at Foggia in Southern Italy.

Diesel accounted for 20 per cent of Iveco's turnover of L4,522bn (\$2,261bn), up from L4,466bn in 1983. Iveco's total capital investment last year, L1,040bn, will increase in 1985 by about 10 per cent, says Sig Garuzzo. There will be a similar rise in the research and development expenditure: L1,590bn in 1984.

He insists that Iveco remains committed to being a full-line truck producer with a range from three tonnes to the heaviest weights permitted on or off the road. "Iveco has done more than any other range to renew its entire range in recent times," he claims. "We are one of the few companies in the world to offer a

comprehensive range to cover every sector of the commercial vehicle market. We can also satisfy the specific requirements of a vast number of countries in both industrialised and developing areas."

In 1984 improvements were made to the heavyweight "T" truck range, and Iveco's premium truck, the TurboStar, was launched.

Output of the TurboStar was forecast to be 15 a day this year. But Iveco is producing 25 a day and the demand is for 30. Sig Garuzzo says there are orders for 5,500 on the books and half the orders so far have been from customers who have not bought Iveco vehicles before.

This year, Iveco launched at the recent Turin Truck Show what it claims to be the world's first 2445 cc, high-speed, turbo-charged, direct-injection diesel engine. The unit will power versions of the Daily and Grina vans.

Sig Garuzzo maintains that Iveco's vans can take on the best in the world and points as proof to the fact that his company has just won a hard-fought battle for a major licensing deal with China. Under the terms of the contract, the Chinese will produce 60,000 Iveco vans and 80,000 diesel engines a year.

However, competitors believe that the deal was clinched in Iveco's favour by the Italian Government's willingness to provide China with "soft" credit. Of 1,000 production equipment needed by China, 800 would be supplied by Italian suppliers. Iveco continues to spend

heavily to improve its position in the European market where last year its share of the over 3 ton truck sector fell from 16 per cent to 15.5 per cent—mainly because of setbacks in France. The fall in sales in France had nothing to do with any reaction to the closure of Trapani, but was "because we refused to join in the discount war there," maintains Sig Garuzzo.

Iveco has set up a special heavy vehicle service network on the major European routes with 250 points.

Two years ago, the company launched into the heavily-guarded Spanish truck market. It sold 400 vehicles in the first 12 months and last year sales reached 1,200. "The financial results are equally satisfying in spite of the tariff



هكذا من العمل

# Here's What You Can Count On Instead of Counting Us Out

While you were busy wondering...we were busy producing, selling, shipping, servicing, developing, researching, and committing ourselves to your future.

A new Storage Technology is about to emerge. That's not just something we're announcing...it's something we've spent many months building and strengthening. With increased sales and cash reserves...new products that extend our string of high performance "firsts"...a broadened base of customers...new management and renewed commitment...superior field support...and a relentless demand for quality performance in every dimension of our operations.

## We're back...at the front!

*We're cash positive* (more than \$80 million on hand) and we're building our cash surplus daily. *We're running the business normally*...paying for what we need out of what we make. *We're keeping our people*...keeping them in place and keeping their optimism high. StorageTek employees now have more opportunities for advancement and growth than at any time in the past two years. *We're building the products that will rebuild a company.* In tape, disk, solid state and printers, we're offering products that will compete as hard as we do. Quality Control — at every stage of product development, installation and field support — is not just a byword, it's an around-the-clock business culture.

## What others are still designing... we're delivering!

The story of StorageTek has a lot of number one's... industry "firsts" that were pioneered at StorageTek. We were first with "dual porting." We were the leader in thin film head technology and solid state technology. We were first with successful cache architecture and with a vast spectrum of high performance disk features. Our string of firsts is a string worth continuing. And, as you're about to read, that's exactly what we've done... with a dual capacity drive that's field upgradeable from our current 8380 drive.

The 8380E. A field-upgradeable, dual capacity disk drive that answers IBM...and the needs of the marketplace.

We may have been quiet recently, but we haven't been idle. In fact, we've spent the past months designing a number of products which will increase your capacity, productivity and profitability. Our 8380E is the product of the same skilled minds and hands that have produced performance breakthroughs for more than a decade. The 8380E is a field-upgradeable extension of our highly successful 8380 drive. It allows every customer who currently owns 8380s to double his capacity without moving into more floor space...or moving out a single drive. The upgrade is made onsite, on hardware our customers already own. For prospective new customers, the easy extension to double capacity is a powerful reason to purchase 8380s in 1985. The 8380E uses the very latest developments in thin film head technology to provide significant savings in floor space, power and air conditioning on a per megabyte basis. It is a product equal to the industry's future...and ours.

## Reasons to Believe.

Disk is not the only product area where StorageTek is exceeding performance standards and industry expectations. In tape, for example, we are not only developing a totally compatible 18-track cartridge subsystem, we will also offer automated handling of the tape cartridges. Our printers — both impact and non-impact — continue to be the finest technology can produce. These are products that exist — not on our drawing boards, but on our loading docks. The same is true in the advanced area of solid state storage products. And that's still just the beginning. Our OEM division has the highest first-quarter revenues in its history; and, throughout our entire end-user division, product strategies have been redirected to meet the clear needs of what continues to be our primary market...the world's largest industrial, financial and governmental DP users.

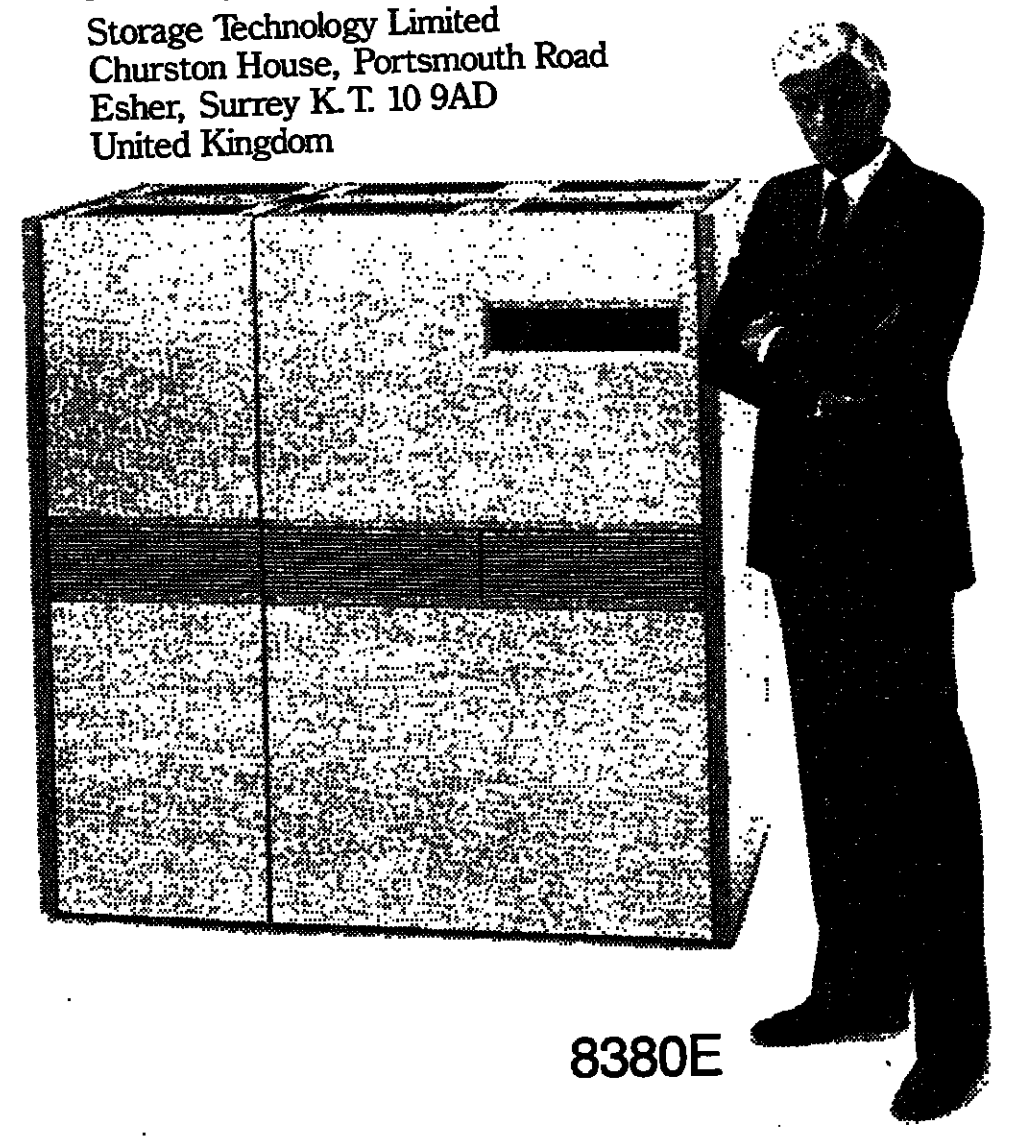
The leader in almost every category of subsystem performance, now leads in something else: the commitment to customer satisfaction.

Building a better Storage Technology means building a better storage technology...and standing behind everything that we build. Our field support teams are as strong as they've ever been. But beyond that, we've initiated policies to protect every step of every investment you make with us. If you haven't asked us recently about "customer satisfaction"...ask today.

## The new StorageTek starts now.

We're a smaller company...but a more vigorously competitive one. We've streamlined and trained our way to fighting trim by stripping away the assets that couldn't contribute to our health and growth. We are a company you can count on...for the '80's and beyond...a company that is still the largest compatible tape and disk supplier in the business. We are Storage Technology...in our name and in our commitment to the future.

Storage Technology Corporation,  
Louisville, Colorado 80028  
Storage Technology Limited  
Churston House, Portsmouth Road  
Esher, Surrey K.T. 10 9AD  
United Kingdom



8380E

# StorageTek

Storage Technology. It's More Than Our Name...It's Our Commitment.



## UK COMPANY NEWS

## Tarmac beats City estimates with £20m rise

A SURGE of £20m to £109.6m in pre-tax profits for 1984 is reported by Tarmac. The dividend is lifted from 13.5p to 15p net and there is to be a 1-for-1 scrip issue.

The figures are better than the City estimates. Analysts were looking for a profit rise to some £108m at the top end, and a dividend of, perhaps, 15p. The final now announced is 15p.

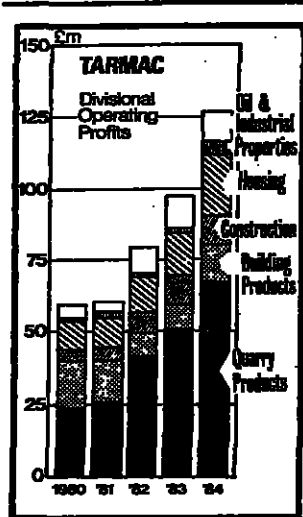
As expected, the biggest growth in profit came from the quarry products side, where the operating balance rose by £16.4m to £67.2m.

Chairman Mr Eric Pountain says that while a significant part of growth was associated with the heavy acquisition programme in that division, of equal importance has been the organic expansion of other sectors, particularly housing (where profits rose 51 per cent) and construction.

On the current year, he says the group is looking to it as one of further progress. Exceptionally bad weather in January and February meant a slow start, but "order books in the quarry products and construction divisions are encouraging, as are sales of new houses in the housing division."

Recent acquisitions in the U.S. have started the year well, the chairman tells shareholders.

In 1984 group turnover expanded from £1.16bn to £1.32bn, and the operating profit moved ahead from £95.8m to £123.8m. Dividends contributed were £49.8m (£14.2m) and £57m (£20.6m),



Mr Eric Pountain, chairman of Tarmac

building products £198.4m (£197.4m) and £12.5m (£9.2m), construction £312m (£301.9m), housing £213m (£174.6m) and £24.1m (£16m), properties £36.4m (£19.2m) and £2.7m (£1.7m), oil and industrial £70.6m (£53.2m) and £11.5m (£11.5m), less central costs £3.1m (£2.1m).

Interest charges showed a heavy increase, from £6m to £14.2m. After much heavier tax £38.2m (£24.2m) and same again minorities £300,000, the net profit comes out at £70.6m (£64.6m) for earnings of 51.6p

(48.5p) per share. On top of this there are extraordinary losses and provisions for losses on closures and rationalisation of £4.5m (£4m). Dividends absorb £24m (£18.5m). The year was "very active" on the development front. Capital expenditure amounted to £229m of which some £150m related to corporate and asset acquisitions. These included the clay brick company, Westbrick; the concrete products activities of RBS Brooklyn and Francis Parker, the ready-mixed concrete, block making and quarrying

assets of Lone Star Industries in Florida; four further quarrying and ready-mixed concrete companies in Texas; a 0.25 per cent interest in the BP Forties field; the industrial door company, Bolton Gate; and the off-shore project management company Pasco Engineering.

Mr Pountain says in quarry products several strategic acquisitions were made in the UK and more particularly, in the U.S. The UK purchase took the division into brick manufacture for the first time, strengthened its position in building blocks

and added to its mineral resources.

Acquisitions in America made the division a significant quarry company in Florida and Texas for the first time. The Lone Star assets made no contribution to results in 1984 but are expected to make a "significant contribution" from 1985 on. The South African activities improved on last year's profit in spite of the depressed economic conditions.

The building products division's manufacturing companies (roofing felt, mastic asphalt and insulation) had a good year. Bolton Gate made a significant contribution, and the roofing and cladding contractor, Briggs Amasco, had an excellent year. The contracting company in France, SPAPA, performed poorly and a major restructuring has been carried out.

Several important contracts were won by the construction division in the UK and overseas, against heavy competition.

In housing more than 7,100 new homes were sold during the year, compared with 6,900. The division anticipates further growth in 1985. The properties side experienced better market conditions.

The oil and industrial division benefited from full year's contribution from its interest in Forties. The operating profit was, however, adversely affected by the dollar exchange rate, which reduced the contribution from the two refineries. The foundry businesses again performed well.

See Lex

## PSM beats prospectus forecast with £2.6m

PSM International, one of last year's newcomers to the Stock Exchange, yesterday unveiled better than forecast taxable profits of £2.55m for 1984 with the business more than doubling its contribution to £1.23m.

And Mr J. M. Tildesley, the chairman and managing director of this industrial fastener manufacturer, commenting on prospects says that "trading in the first three months has been encouraging in most sectors of the group's activities."

"The volume of UK production and sales are at budgeted levels," he says and adds that "we are particularly pleased with the performance in continental Europe where growth expectations are being exceeded."

The results for 1984 compare with 1983's £1.06m and last November's prospectus forecast of £2.4m. As promised the single final dividend is 3.15p, covered more than 100% by stated earnings per share of 14.5p.

Mr Tildesley says that the group is examining a number of expansion opportunities to further strengthen the manufacturing and distribution base.

Turnover in 1984 totalled £14.13m, against £11.15m, with £5.94m (£5.56m) attributable to UK manufacturing. UK distribution accounted for £4.19m (£3.28m) and produced profits of £936,000 (£483,000), while overseas turnover came to £4.1m (£2.33m) and profits £391,000 (£205,000).

Group trading profits were more than doubled at £2.49m (£824,000)—the taxable result included a £68,000 (£77,000) share of related company results. The tax charge was £1m (£499,000), leaving a net balance of £1.49m (£325,000). Dividends will account for £140,000.

## comment

PSM has had a bumper year. Margins have more than doubled. Last year's start up costs in the UK manufacturing division have been absorbed, and as the distribution network, on which margins can be very large indeed, has been extended, further growth in profits will now have to come via a higher turnover, with an increasing amount to that from overseas. In the current year, PSM has been feeling the pinch both from the decline in the personal computer market, and from the slowdown in the U.S. economy. However, with 11,000 customers placed in different industries, there is the world's largest account is IBM which represents only 2 per cent of turnover. PSM should not suffer unduly, there is still a huge market abroad for specialist fasteners, and PSM should be able to increase its share via a planned £80,000 overseas expansion this year, which includes a £100,000 joint venture in Japan. Gearing, which is now around 17 per cent should present no problem, and is expected to be at the same level at year end. Assuming profits of £3.1m for 1984 the shares at 179p are trading on an undemanding earnings multiple of 12 given a 40 per cent tax charge.

Wm. Jacks Pre-tax profits of William Jacks, overseas trader, motor car distributor and retailer, rose to £413,000 for the year ended January 31 1985, compared with £350,000 for the previous 13 months. Earnings per share were 3.99p against 3.06p and the dividend is stepped up from 0.7p to 1p net with a final payment of 0.5p.

Within the UK there was a significant advance in financial performance, directors say, and with the benefit of last year's rights issue, the balance sheet was much enhanced.

Aaronson Bros. Aaronson Bros' rights issue of 7.02m new ordinary shares has been taken up in respect of 95.58 per cent. The balance has been sold in the market and excess over subscription price of approximately £8.42p per share will be distributed pro rata among provisional allottees whose rights have not been taken up.

Glass Glover Glass Glover Group's rights issue of 3.23m shares at 250p has been accepted in respect of 9.97m shares (£2.12m).

## Bilton in £11m deal with Lesser

By Michael Cassell, Property Correspondent

Percy Bilton, which last week announced a modest increase in pre-tax profits, has paid £11.35m to Lesser Group for a package of properties in the south of England.

The package includes a 166-acre site in Hounslow, Middlesex. The building and property development group has also acquired, "for several million pounds," a 66-acre site in Hounslow, Surrey.

Bilton has purchased 70,000 sq ft of office space in two buildings on Staines Road, Hounslow. The larger property of the two has a rent review in six weeks' time. The package also includes an adjoining development site, carrying planning permission for 20,000 sq ft of offices, as well as an industrial estate carrying redevelopment opportunities in an existing leasehold run out in a little over five years' time.

Lesser says the transaction has substantially reduced its gearing and will help finance the expansion of its property operations. The group has recently won planning consent for a 340,000 sq ft office complex in Hounslow and is to develop a 100-acre business park near Reading.

Bilton says the land it is acquiring is a "prime" asset. The vendor at Leatherhead has planning permission for multiple-use development and offers a rare opportunity to develop a "high-tech" business park close to London's orbital motorway. The group, which under new management has been working hard to improve the quality of its portfolio, emphasises that the latest acquisitions will further improve the balance of its property holdings.

Bilton has reduced the freehold content of its total portfolio from under 40 per cent two years ago to just over 83 per cent at the end of 1984. The Hounslow and Leatherhead deals, together with the recent purchase of freeholds on four other leasehold industrial estate investments, now brings the proportion of freehold interests to around 90 per cent.

Bilton's accounts will be published in May and the chairman's statement will indicate that, during the current year, redevelopment has started on several industrial estates while savings on existing buildings have achieved results above expectations.

Yearlings at 12½% The interest rate for this week's issue of local authority bonds is 12½ per cent, up seven sixteenths of a percentage point from last week, and compares with 9½ per cent a year ago. The bonds are issued at par and are redeemable on May 7 1986.

A full list of issues will be published in tomorrow's edition.

BOARD MEETINGS The following companies have notified dates of board meetings in the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends in question are final or interim. Dividends shown below are based mainly on last year's timetable.

Interim: Imperial Cold Storage, Farnley, Fosco Minsap, Framlington Overseas Income and Growth Fund, Gaze Group, London United Investments, Marshall's Universal, John Mowlem, Kineta International, Jarden and Pelford, Ramco Services, Shiloh, J. W. Spear, Spang, Velverton Investments.

FUTURE DATES: BOC Group May 13, Barton Transport May 7, G. Group May 7, NBS Newsagents May 15, Scottish National Trust May 28, Costain May 8, Datascan May 8, External Investment Trust May 8, Miner May 2, TSB Citizens May 9, Unigate June 17, Usher-Walker May 7.

LADBROKE INDEX 967-871 (+9) Based on FT Index Tel: 01-427 4411 9 pm. Closing 29/4/85

EQUITABLE UNITS Daily prices as at 30 April 1985

Unit	Price	Dividend
Equitable Unit	50.2	3.5
Equitable Unit	50.2	3.5
Equitable Unit	50.2	3.5
Equitable Unit	50.2	3.5
Equitable Unit	50.2	3.5
Equitable Unit	50.2	3.5
Equitable Unit	50.2	3.5
Equitable Unit	50.2	3.5
Equitable Unit	50.2	3.5
Equitable Unit	50.2	3.5

Wm. Jacks Pre-tax profits of William Jacks, overseas trader, motor car distributor and retailer, rose to £413,000 for the year ended January 31 1985, compared with £350,000 for the previous 13 months. Earnings per share were 3.99p against 3.06p and the dividend is stepped up from 0.7p to 1p net with a final payment of 0.5p.

Within the UK there was a significant advance in financial performance, directors say, and with the benefit of last year's rights issue, the balance sheet was much enhanced.

Aaronson Bros. Aaronson Bros' rights issue of 7.02m new ordinary shares has been taken up in respect of 95.58 per cent. The balance has been sold in the market and excess over subscription price of approximately £8.42p per share will be distributed pro rata among provisional allottees whose rights have not been taken up.

Glass Glover Glass Glover Group's rights issue of 3.23m shares at 250p has been accepted in respect of 9.97m shares (£2.12m).

## Rothschild lifts stake in Tootal to 9%

J. Rothschild Holdings, Mr Jacob Rothschild's investment company, has bought a further 1.6m shares in Tootal, Britain's fourth largest textile group, in a move which takes its total stake to 16.1m shares or 9.1 per cent of the Tootal equity.

Rothschild's surprise intervention on April 17, the final day of the £128m takeover bid battle between Tootal and Entrad, the Australian textile group, thwarted Entrad's ambitions.

Since Rothschild's first announcement that it held a 5.4 per cent stake it has made two further purchases of Tootal shares, including the block announced yesterday.

Rothschild said: "There was a line of Tootal stock on offer cheaply. We made a bid and got part of the line at 75p per share compared with the market price of 76.7p."

Entrad still retains a 29.9 per cent stake in Tootal, a legacy of the 10-week bid battle.

## Cosalt in profit at halfway

THE RECOVERY at Cosalt which gathered pace during the second six months of 1983-84 continued into the current year with the Grimsby-based group swinging back into the black at the interim stage.

Turnover for the 26 weeks to February 26 rose from £16.8m to £18.5m and at the pre-tax level the group returned profits of £249,000, compared with previous losses of £135,000.

The interim dividend is being lifted by 0.5p to 0.75p net per 25p share.

Ships' chandlery activities continue to be the mainstay of the group and the results here were again good.

Cosalt Caravans returned to profitability following the measures taken to bring about improvements in the caravan division and Cosalt Holiday Homes is "well on the way" towards an improved performance.

The directors say that generally, there is good progress with unprofitable areas being eliminated and new acquisitions being made to sustain growth of the group.

Tax for the half year took £8,000 (£17,000) and after extraordinary credits this time of £38,000 (debts of £35,000) the attributable surplus came through at £282,000, compared with a previous deficit of £226,000.

Earnings per share emerged at 2.27p (losses 1.89p). The group pushed its profits up to £281,000 in the eight months to end-August 1981 but saw them fall to £254,000 over the following 12 months and to £27,000 for the 1982-83 year.

Last year, however, with the recovery getting up steam, pre-tax profits reached £537,000.

comment Cosalt's turnaround is almost entirely due to the group's successful drive to stop losses in its longstanding trouble areas, caravans. The new management has cut the model range from 30-odd to 18 and created brighter

Habitat-style colouring. Cosalt says this division is now profitable, though there must be some doubts about a declining or static market which is being squeezed by package holiday tour competition. Elsewhere, Cosalt is being carried by its traditionally strong Ships' chandlery division, recently strengthened by the acquisition of Wheway Watson's mechanical handling business for £250,000. The division accounts for more than half the group sales so the purchase looks the right move to capitalise on this core business. Debt, at more than £2m, is well below the £7m-plus faced by Mr Brian when he took over last year. Last January the group paid £720,000 for the redeemable preference shares which had halted progress on further cutting borrowings. The shares eased up to 94p, suggesting there is still some scepticism about how much Mr Brian can achieve, and how quickly.

comment Cosalt's turnaround is almost entirely due to the group's successful drive to stop losses in its longstanding trouble areas, caravans. The new management has cut the model range from 30-odd to 18 and created brighter

Habitat-style colouring. Cosalt says this division is now profitable, though there must be some doubts about a declining or static market which is being squeezed by package holiday tour competition. Elsewhere, Cosalt is being carried by its traditionally strong Ships' chandlery division, recently strengthened by the acquisition of Wheway Watson's mechanical handling business for £250,000. The division accounts for more than half the group sales so the purchase looks the right move to capitalise on this core business. Debt, at more than £2m, is well below the £7m-plus faced by Mr Brian when he took over last year. Last January the group paid £720,000 for the redeemable preference shares which had halted progress on further cutting borrowings. The shares eased up to 94p, suggesting there is still some scepticism about how much Mr Brian can achieve, and how quickly.

comment Cosalt's turnaround is almost entirely due to the group's successful drive to stop losses in its longstanding trouble areas, caravans. The new management has cut the model range from 30-odd to 18 and created brighter

Habitat-style colouring. Cosalt says this division is now profitable, though there must be some doubts about a declining or static market which is being squeezed by package holiday tour competition. Elsewhere, Cosalt is being carried by its traditionally strong Ships' chandlery division, recently strengthened by the acquisition of Wheway Watson's mechanical handling business for £250,000. The division accounts for more than half the group sales so the purchase looks the right move to capitalise on this core business. Debt, at more than £2m, is well below the £7m-plus faced by Mr Brian when he took over last year. Last January the group paid £720,000 for the redeemable preference shares which had halted progress on further cutting borrowings. The shares eased up to 94p, suggesting there is still some scepticism about how much Mr Brian can achieve, and how quickly.

comment Cosalt's turnaround is almost entirely due to the group's successful drive to stop losses in its longstanding trouble areas, caravans. The new management has cut the model range from 30-odd to 18 and created brighter

Habitat-style colouring. Cosalt says this division is now profitable, though there must be some doubts about a declining or static market which is being squeezed by package holiday tour competition. Elsewhere, Cosalt is being carried by its traditionally strong Ships' chandlery division, recently strengthened by the acquisition of Wheway Watson's mechanical handling business for £250,000. The division accounts for more than half the group sales so the purchase looks the right move to capitalise on this core business. Debt, at more than £2m, is well below the £7m-plus faced by Mr Brian when he took over last year. Last January the group paid £720,000 for the redeemable preference shares which had halted progress on further cutting borrowings. The shares eased up to 94p, suggesting there is still some scepticism about how much Mr Brian can achieve, and how quickly.

comment Cosalt's turnaround is almost entirely due to the group's successful drive to stop losses in its longstanding trouble areas, caravans. The new management has cut the model range from 30-odd to 18 and created brighter

Habitat-style colouring. Cosalt says this division is now profitable, though there must be some doubts about a declining or static market which is being squeezed by package holiday tour competition. Elsewhere, Cosalt is being carried by its traditionally strong Ships' chandlery division, recently strengthened by the acquisition of Wheway Watson's mechanical handling business for £250,000. The division accounts for more than half the group sales so the purchase looks the right move to capitalise on this core business. Debt, at more than £2m, is well below the £7m-plus faced by Mr Brian when he took over last year. Last January the group paid £720,000 for the redeemable preference shares which had halted progress on further cutting borrowings. The shares eased up to 94p, suggesting there is still some scepticism about how much Mr Brian can achieve, and how quickly.

comment Cosalt's turnaround is almost entirely due to the group's successful drive to stop losses in its longstanding trouble areas, caravans. The new management has cut the model range from 30-odd to 18 and created brighter

Habitat-style colouring. Cosalt says this division is now profitable, though there must be some doubts about a declining or static market which is being squeezed by package holiday tour competition. Elsewhere, Cosalt is being carried by its traditionally strong Ships' chandlery division, recently strengthened by the acquisition of Wheway Watson's mechanical handling business for £250,000. The division accounts for more than half the group sales so the purchase looks the right move to capitalise on this core business. Debt, at more than £2m, is well below the £7m-plus faced by Mr Brian when he took over last year. Last January the group paid £720,000 for the redeemable preference shares which had halted progress on further cutting borrowings. The shares eased up to 94p, suggesting there is still some scepticism about how much Mr Brian can achieve, and how quickly.

comment Cosalt's turnaround is almost entirely due to the group's successful drive to stop losses in its longstanding trouble areas, caravans. The new management has cut the model range from 30-odd to 18 and created brighter

Habitat-style colouring. Cosalt says this division is now profitable, though there must be some doubts about a declining or static market which is being squeezed by package holiday tour competition. Elsewhere, Cosalt is being carried by its traditionally strong Ships' chandlery division, recently strengthened by the acquisition of Wheway Watson's mechanical handling business for £250,000. The division accounts for more than half the group sales so the purchase looks the right move to capitalise on this core business. Debt, at more than £2m, is well below the £7m-plus faced by Mr Brian when he took over last year. Last January the group paid £720,000 for the redeemable preference shares which had halted progress on further cutting borrowings. The shares eased up to 94p, suggesting there is still some scepticism about how much Mr Brian can achieve, and how quickly.

comment Cosalt's turnaround is almost entirely due to the group's successful drive to stop losses in its longstanding trouble areas, caravans. The new management has cut the model range from 30-odd to 18 and created brighter

Habitat-style colouring. Cosalt says this division is now profitable, though there must be some doubts about a declining or static market which is being squeezed by package holiday tour competition. Elsewhere, Cosalt is being carried by its traditionally strong Ships' chandlery division, recently strengthened by the acquisition of Wheway Watson's mechanical handling business for £250,000. The division accounts for more than half the group sales so the purchase looks the right move to capitalise on this core business. Debt, at more than £2m, is well below the £7m-plus faced by Mr Brian when he took over last year. Last January the group paid £720,000 for the redeemable preference shares which had halted progress on further cutting borrowings. The shares eased up to 94p, suggesting there is still some scepticism about how much Mr Brian can achieve, and how quickly.

comment Cosalt's turnaround is almost entirely due to the group's successful drive to stop losses in its longstanding trouble areas, caravans. The new management has cut the model range from 30-odd to 18 and created brighter

Habitat-style colouring. Cosalt says this division is now profitable, though there must be some doubts about a declining or static market which is being squeezed by package holiday tour competition. Elsewhere, Cosalt is being carried by its traditionally strong Ships' chandlery division, recently strengthened by the acquisition of Wheway Watson's mechanical handling business for £250,000. The division accounts for more than half the group sales so the purchase looks the right move to capitalise on this core business. Debt, at more than £2m, is well below the £7m-plus faced by Mr Brian when he took over last year. Last January the group paid £720,000 for the redeemable preference shares which had halted progress on further cutting borrowings. The shares eased up to 94p, suggesting there is still some scepticism about how much Mr Brian can achieve, and how quickly.

comment Cosalt's turnaround is almost entirely due to the group's successful drive to stop losses in its longstanding trouble areas, caravans. The new management has cut the model range from 30-odd to 18 and created brighter

Habitat-style colouring. Cosalt says this division is now profitable, though there must be some doubts about a declining or static market which is being squeezed by package holiday tour competition. Elsewhere, Cosalt is being carried by its traditionally strong Ships' chandlery division, recently strengthened by the acquisition of Wheway Watson's mechanical handling business for £250,000. The division accounts for more than half the group sales so the purchase looks the right move to capitalise on this core business. Debt, at more than £2m, is well below the £7m-plus faced by Mr Brian when he took over last year. Last January the group paid £720,000 for the redeemable preference shares which had halted progress on further cutting borrowings. The shares eased up to 94p, suggesting there is still some scepticism about how much Mr Brian can achieve, and how quickly.

comment Cosalt's turnaround is almost entirely due to the group's successful drive to stop losses in its longstanding trouble areas, caravans. The new management has cut the model range from 30-odd to 18 and created brighter

Habitat-style colouring. Cosalt says this division is now profitable, though there must be some doubts about a declining or static market which is being squeezed by package holiday tour competition. Elsewhere, Cosalt is being carried by its traditionally strong Ships' chandlery division, recently strengthened by the acquisition of Wheway Watson's mechanical handling business for £250,000. The division accounts for more than half the group sales so the purchase looks the right move to capitalise on this core business. Debt, at more than £2m, is well below the £7m-plus faced by Mr Brian when he took over last year. Last January the group paid £720,000 for the redeemable preference shares which had halted progress on further cutting borrowings. The shares eased up to 94p, suggesting there is still some scepticism about how much Mr Brian can achieve, and how quickly.

comment Cosalt's turnaround is almost entirely due to the group's successful drive to stop losses in its longstanding trouble areas, caravans. The new management has cut the model range from 30-odd to 18 and created brighter

Habitat-style colouring. Cosalt says this division is now profitable, though there must be some doubts about a declining or static market which is being squeezed by package holiday tour competition. Elsewhere, Cosalt is being carried by its traditionally strong Ships' chandlery division, recently strengthened by the acquisition of Wheway Watson's mechanical handling business for £250,000. The division accounts for more than half the group sales so the purchase looks the right move to capitalise on this core business. Debt, at more than £2m, is well below the £7m-plus faced by Mr Brian when he took over last year. Last January the group paid £720,000 for the redeemable preference shares which had halted progress on further cutting borrowings. The shares eased up to 94p, suggesting there is still some scepticism about how much Mr Brian can achieve, and how quickly.

## Strong recovery lifts Ropner to a record £7.97m

ALL TRADING operations of Ropner improved their returns during 1984 and enabled the group to lift its profits before tax from a depressed £3.39m to a record £7.97m.

Group turnover rose by some £18m to £58.12m. Shareholders benefit from the better results by way of an increased final dividend of 4p (2.75p), which raises the total by 1.75p to 6.25p net per 25p share.

The engineering activities pushed their profits contribution up by £1.22m to £3.42m and the garden products side improved by a like amount, rising from £1.44m to £2.73m. Elsewhere, insurance broking advanced to £402,000 (£145,000), property development to £1.62m (£68,000) and shipping to £1.57m (£491,000). Investment income not directly related to trading activities fell from £841,000 to £441,000.

Pre-tax profits were struck after deducting similar interest charges of £2.22m (£2.26m). Tax accounted for £3.43m (£1.56m) and minorities for £182,000 (£28,000). Attributable profits came through some £2.06m down at £4.35m, although figures for the previous year took in extraordinary credits of £4.7m.

Earnings per share rose from 5.9p to 17.7p. No 20/1/85 The engineering companies generally had a good year—Airtex especially so, where the arrears in the 1983 Tarmagran programme were recovered. At stage 11 of this project, which was awarded during the year, was commenced.

Contracting for the supply of electronic naval communications equipment continued. Airtex

finished the year with high order books. Hazelock-ASL achieved a pre-increase of 90 per cent over 1983.

Prospects for 1985 are described as "excellent."

## comment

Although Ropner shares have doubled in the past year, the City was rather surprised by yesterday's news of a 135 per cent pre-tax profits increase and the non-voting A shares jumped 17p to 189p, after touching 190p. It seems that while the strong increase in garden products profits was expected in the wake of the ASL acquisition in 1983, the market was surprised by the size of the increase in engineering and property profits, both of which tend to be rather lumpy. Engineering is dependent on defence work and suffered in the previous year from payment delays; property saw the completion of several important projects. Much more modest progress is expected this year, since property is unlikely to have another bumper crop of commissions although engineering and garden products are both flush with orders. However, the group should reach £8.5m which, on a 40 per cent tax charge, puts the shares on a multiple of just under 9. This is high enough given the group's continuing commitment to shipping—its makes losses, and charter contracts on their three ore ships begin to run out in 1986. At that stage the controlling Ropner family will have to think very hard about the possibility of running down the business on which the group was originally founded.

## DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Current dividend	Total dividend	Total for year
Allebone & Sons	1.25	June 4	1.5	1.5	1.5
Cosalt	0.75	Sept 5	0.25	0.25	0.75
Farrell	1	July 1	0.25	1.25	1.5
J. & D. Frost	1	July 3	1.3	3.5	



# LET's £14m call to fund growth and repay loans

By MICHAEL CASSELL, PROPERTY CORRESPONDENT

London & Edinburgh Trust, the fast-growing property development and investment group, yesterday announced a £14m rights issue which will be used to repay short-term borrowings and to help finance the next stage in its extensive development programme.

LET, which earlier this month revealed a 53 per cent increase in 1984 pre-tax profits to £5.1m, is raising the money via an issue of 14.4m 6.5 per cent convertible preference shares. The company is offering four 21 shares for every five ordinary shares held. John and Peter Beckwith, who together own 49.5 per cent of the existing ordinary shares, are not taking up their rights.

The group says that the issue, underwritten by British Linen Bank and Bank of Scotland, will provide a strong capital base for continuing growth and will enable it to take full advantage of future development and investment opportunities.

LET intends to take on an increasing number of projects to add to an already extensive development programme and wants to retain a larger equity interest in many of the projects it carries out. Since its flotation in 1983, its growth has been rapid, with its share price rising from 1.1p to 1.5p and its profits increasing by 50 per cent.

Mr John Beckwith, chairman of LET, said the group was involved in a number of schemes which are expected to use up a substantial proportion of its surplus cash resources. At the same time, a number of new

## Roberts Adlard hit by winter weather

A STAGNANT year was experienced by Roberts Adlard, builders' merchant and cladding contractor, and the first few months of 1985 have been affected by poor weather conditions.

In addition to the virtually unchanged taxable result of £1.7m, against £1.9m, for 1984, Roberts had to take account of an out-of-court settlement with the Milton Keynes Development Corp, which took the group £265,000 into the red at the attributable level.

Despite this, however, the total dividend is being held at 6p with the directors recommending an unchanged final payment of 6p. Earnings before the £225,000 settlement costs were slightly lower at 13.75p (14.12p) per 25p share.

While the current months are showing an improvement, the directors say that it is too early to make an informed forecast but they are determined "to make up for lost ground."

Turnover in 1984 amounted to £18.8m, compared with £17.7m, generating trading profits of £1.23m (1.21m) - the taxable result was struck after a related company loss of £267,000 (£29,000). The tax charge was £508,000 (£518,000).

At the interim stage, the company reported a lower pre-tax profit of £475,000 (£513,000), on turnover of £9.15m (£8.55m), with the related company showing a £19,000 loss.

## Werff and Lord John hit Raybeck

BAD performances from the Werff and Lord John companies are blamed for the pre-tax losses suffered by Raybeck for the 52 weeks ended January 26 1985.

Despite much higher profits from property transactions of £1.13m, compared with £157,000 last time, losses for the period amounted to £1.17m. This is against profits of £1.21m for the previous 39 weeks. Turnover was £92.03m (£89.88m).

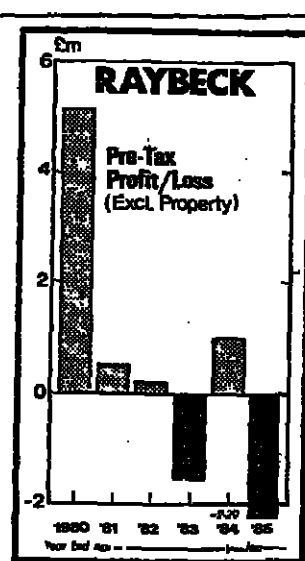
"The results for the year as a whole are most disappointing and reflect the problems which were reported when the results for the first half of the year were published," states Mr Ben Raven, chairman.

At the interim stage losses amounted to £2.61m were incurred which were "a source of concern to the board," said the chairman.

He added that in light of the poor results for the six months the board was taking a cautious view of the expected outcome for the year. He said it was too early to predict how quickly action taken would return the companies concerned to profitability. While the board was confident there would be no recurrence of losses incurred in the retail business, results for the full term remained uncertain.

Ladies' retail, Lord John and the Carnegie divisions all experienced difficulties which were exacerbated by weaknesses in management control systems, said the chairman. At Carnegie a programme of rationalisation and retrenchment was implemented which resulted in redundancies, he added.

Commenting on the full year's figures Mr Raven says that



Mr Ben Raven, chairman of Raybeck

Berketer traded successfully, results from the manufacturing division were satisfactory, while

Alfred Young, acquired in January 1984, "had a very good year."

However, he informs shareholders that the Werff and Lord John companies performed badly and that the group's losses were largely due to poor merchandising and stock control in these companies.

He adds that a number of senior management changes have taken place and that every effort to remedy the situation was being made.

"I can only emphasise again that whatever changes are necessary to restore the group to a proper level of profitability are being and will continue to be made."

The dividend for the period has been halved from 0.5p net to a single final payment of 0.25p. Loss per share is given as 3.76p (2.31p earnings).

comment

When the chairman of a retailing company resorts to quoting net asset value, it's a sign that the recent revaluation of signals an intention to move out of retailing and sell off the bulk of the firm's High Street sites, retaining perhaps the profitable Berketer subsidiary and the manufacturing interests. So far this year Raybeck had sold its Regent Street lease as well as the leases on one or two smaller sites at prices in excess of the latest valuation. The property portfolio is now valued at about 24p a share, so the market seems already to be discounting some improvement in the core businesses.

## CES chief got nearly £70,000 more in '84

MR MURRAY GORDON, chairman of retail chain concern Combined English Stores, received a pay rise of just over £69,000 in the 1984-85 year, according to the annual report, published yesterday.

The increase, a rise of some 44 per cent, gave Mr Gordon a total remuneration of £256,223, which puts him in the upper levels of the UK executives' pay league.

The remuneration included pre-arranged commission in a year when CES produced record taxable profits of £9.16m, a rise of 54 per cent.

The report also disclosed that two other directors moved into the £100,000-plus pay bracket for the first time, collecting between £115,000 and £120,000.

## Maclean ahead

Pre-tax profits of F. & W. Maclean, manufacturer of industrial fasteners, rose from £412,000 to £531,000 for 1984. A final dividend of 1.1p makes a net total of 1.7p, against 1.6p.

Turnover moved to £9.08m (£7.59m). Tax took £101,000 (added £16,000) and after minorities of £7,000 (nil) and extraordinary debits last time of £182,000 the available balance emerged at £423,000 (£246,000). Earnings per 20p share amounted to 4.5p (5p).

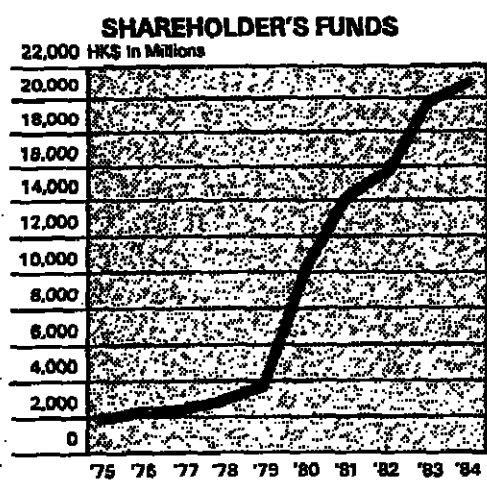
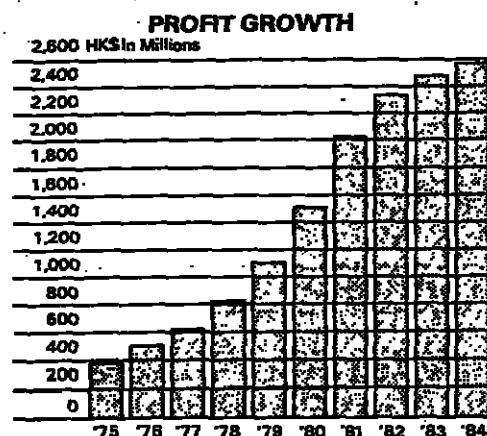
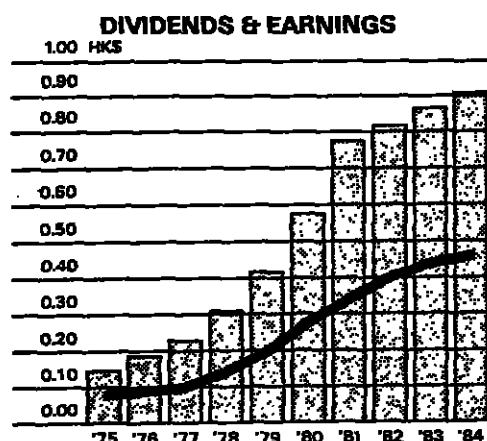
All divisions are currently trading well in advance of 1984, both in turnover and profit.

## HongkongBank group 1984

# Profits rise by four per cent to another record

"The signing of the Sino-British agreement on Hong Kong's future presents us with a significant challenge and a unique opportunity."

M G R Sandberg, CBE, Chairman



## Results for 1984

In a broadly successful year group profits worldwide increased by 4 per cent to HK\$2,591 million. The factors which reduced the rate of growth below that of recent years should not be long-lived and the prospects for 1985 are encouraging.

## Strength of the Hong Kong dollar

During 1984 the Hong Kong dollar maintained its parity with the US dollar despite the latter's massive rise in value. One side effect of this was to reduce the apparent benefit of earnings remitted in other currencies.

## Outlook for Hong Kong

The Sino-British agreement signed in December has resolved Hong Kong's future, assuring continuity in its present economic lifestyle for a further 50 years beyond 1997. The territory has much to contribute to China as it pursues the Four Modernisations programme, through trade, investment, expertise and the modern infrastructure Hong Kong provides for international business.

## Trade with China

During 1984 the Bank enlarged its range of services within China. It now has five offices in the country, with a sixth to open shortly, and the scale of the Area Office China at headquarters is being increased.

## Main Results

	1984	1983	1984
Total Group profit	3,375	3,232	371
Attributable Group profit	2,591	2,492	285
Total dividend distribution	1,316	1,258	145
Shareholders' funds	20,863	19,586	2,296
Total deposits	422,403	411,280	46,479
Total assets	481,607	470,315	52,994
Earnings per share	HK\$0.91	HK\$0.87	10.0p
Dividends per share	HK\$0.46	HK\$0.44	0.5p
Total number of shares in issue	2,859,867,220	2,287,893,776	

## HongkongBank

The Hongkong and Shanghai Banking Corporation

Marine Midland Bank · Hongkong Bank of Canada · The British Bank of the Middle East  
Hang Seng Bank Limited · Wardley Limited · Wardley London Limited

Fast decisions. Worldwide.

Main London Office: P.O. Box 199, 99 Bishopsgate, London EC2P 2LA. Tel: 01-638 2366  
Offices in Birmingham, Edinburgh, Leeds and Manchester

## Property disposals help Allebone rise to £0.7m

Allebone & Sons, Northamptonshire-based, fourteenth-century, furniture and retail, achieved an 80 per cent increase in its taxable profits for the year to end January 1985. This improvement, from £404,000 to £730,000 was boosted by a £400,000 contribution from the disposal of properties, against a previous £97,000.

At the half way stage, excluding property sale profits, the group suffered losses of some £50,000 (£97,000) being particularly hard hit by the miners' strike in addition to tight margins.

The directors say that the current year has started satisfactorily with the trading climate being improved by the end of the miners' strike, and they remain optimistic about both the short and long-term prospects for the group.

The total dividend for the year

is lifted by 50 per cent, to 1.5p (1p), with a final of 1.5p (1p). Stated net earnings per 10p share are shown higher at 7.3p (5.1p).

Sales for the year moved ahead from £14.36m to £16.25m, generating a gross profit of £2.42m (£2.1m). Trading profit emerged at £624,000 (£421,000) after operating costs, less income took £1.79m (£1.68m).

The directors say that the group incurred capital expenditure of £592,000, bringing the total for the last three years to more than £2.5m. They consider it is now appropriate to raise additional capital to finance the growth envisaged in the years ahead.

Accordingly they are proposing to raise £1.5m (after being approved by the shareholders) by the issue of 1.5m 10p convertible preference shares of £1 at par on the basis of one for every five ordinary shares.

Allebone & Sons, Northamptonshire-based, fourteenth-century, furniture and retail, achieved an 80 per cent increase in its taxable profits for the year to end January 1985. This improvement, from £404,000 to £730,000 was boosted by a £400,000 contribution from the disposal of properties, against a previous £97,000.

At the half way stage, excluding property sale profits, the group suffered losses of some £50,000 (£97,000) being particularly hard hit by the miners' strike in addition to tight margins.

The directors say that the current year has started satisfactorily with the trading climate being improved by the end of the miners' strike, and they remain optimistic about both the short and long-term prospects for the group.

The total dividend for the year

is lifted by 50 per cent, to 1.5p (1p), with a final of 1.5p (1p). Stated net earnings per 10p share are shown higher at 7.3p (5.1p).

Sales for the year moved ahead from £14.36m to £16.25m, generating a gross profit of £2.42m (£2.1m). Trading profit emerged at £624,000 (£421,000) after operating costs, less income took £1.79m (£1.68m).

The directors say that the group incurred capital expenditure of £592,000, bringing the total for the last three years to more than £2.5m. They consider it is now appropriate to raise additional capital to finance the growth envisaged in the years ahead.

Accordingly they are proposing to raise £1.5m (after being approved by the shareholders) by the issue of 1.5m 10p convertible preference shares of £1 at par on the basis of one for every five ordinary shares.

Allebone & Sons, Northamptonshire-based, fourteenth-century, furniture and retail, achieved an 80 per cent increase in its taxable profits for the year to end January 1985. This improvement, from £404,000 to £730,000 was boosted by a £400,000 contribution from the disposal of properties, against a previous £97,000.

At the half way stage, excluding property sale profits, the group suffered losses of some £50,000 (£97,000) being particularly hard hit by the miners' strike in addition to tight margins.

The directors say that the current year has started satisfactorily with the trading climate being improved by the end of the miners' strike, and they remain optimistic about both the short and long-term prospects for the group.

The total dividend for the year

is lifted by 50 per cent, to 1.5p (1p), with a final of 1.5p (1p). Stated net earnings per 10p share are shown higher at 7.3p (5.1p).

Sales for the year moved ahead from £14.36m to £16.25m, generating a gross profit of £2.42m (£2.1m). Trading profit emerged at £624,000 (£421,000) after operating costs, less income took £1.79m (£1.68m).

The directors say that the group incurred capital expenditure of £592,000, bringing the total for the last three years to more than £2.5m. They consider it is now appropriate to raise additional capital to finance the growth envisaged in the years ahead.

Accordingly they are proposing to raise £1.5m (after being approved by the shareholders) by the issue of 1.5m 10p convertible preference shares of £1 at par on the basis of one for every five ordinary shares.

Allebone & Sons, Northamptonshire-based, fourteenth-century, furniture and retail, achieved an 80 per cent increase in its taxable profits for the year to end January 1985. This improvement, from £404,000 to £730,000 was boosted by a £400,000 contribution from the disposal of properties, against a previous £97,000.

At the half way stage, excluding property sale profits, the group suffered losses of some £50,000 (£97,000) being particularly hard hit by the miners' strike in addition to tight margins.

The directors say that the current year has started satisfactorily with the trading climate being improved by the end of the miners' strike, and they remain optimistic about both the short and long-term prospects for the group.

The total dividend for the year

is lifted by 50 per cent, to 1.5p (1p), with a final of 1.5p (1p). Stated net earnings per 10p share are shown higher at 7.3p (5.1p).

Sales for the year moved ahead from £14.36m to £16.25m, generating a gross profit of £2.42m (£2.1m). Trading profit emerged at £624,000 (£421,000) after operating costs, less income took £1.79m (£1.68m).

The directors say that the group incurred capital expenditure of £592,000, bringing the total for the last three years to more than £2.5m. They consider it is now appropriate to raise additional capital to finance the growth envisaged in the years ahead.

Accordingly they are proposing to raise £1.5m (after being approved by the shareholders) by the issue of 1.5m 10p convertible preference shares of £1 at par on the basis of one for every five ordinary shares.

Allebone & Sons, Northamptonshire-based, fourteenth-century, furniture and retail, achieved an 80 per cent increase in its taxable profits for the year to end January 1985. This improvement, from £404,000 to £730,000 was boosted by a £400,000 contribution from the disposal of properties, against a previous £97,000.

At the half way stage, excluding property sale profits, the group suffered losses of some £50,000 (£97,000) being particularly hard hit by the miners' strike in addition to tight margins.

The directors say that the current year has started satisfactorily with the trading climate being improved by the end of the miners' strike, and they remain optimistic about both the short and long-term prospects for the group.

The total dividend for the year

is lifted by 50 per cent, to 1.5p (1p), with a final of 1.5p (1p). Stated net earnings per 10p share are shown higher at 7.3p (5.1p).

Sales for the year moved ahead from £14.36m to £16.25m, generating a gross profit of £2.42m (£2.1m). Trading profit emerged at £624,000 (£421,000) after operating costs, less income took £1.79m (£1.68m).

The directors say that the group incurred capital expenditure of £592,000, bringing the total for the last three years to more than £2.5m. They consider it is now appropriate to raise additional capital to finance the growth envisaged in the years ahead.

Accordingly they are proposing to raise £1.5m (after being approved by the shareholders) by the issue of 1.5m 10p convertible preference shares of £1 at par on the basis of one for every five ordinary shares.

Allebone & Sons, Northamptonshire-based, fourteenth-century, furniture and retail, achieved an 80 per cent increase in its taxable profits for the year to end January 1985. This improvement, from £404,000 to £730,000 was boosted by a £400,000 contribution from the disposal of properties, against a previous £97,000.

At the half way stage, excluding property sale profits, the group suffered losses of some £50,000 (£97,000) being particularly hard hit by the miners' strike in addition to tight margins.

The directors say that the current year has started satisfactorily with the trading climate being improved by the end of the miners' strike, and they remain optimistic about both the short and long-term prospects for the group.

The total dividend for the year

is lifted by 50 per cent, to 1.5p (1p), with a final of 1.5p (1p). Stated net earnings per 10p share are shown higher at 7.3p (5.1p).

Sales for the year moved ahead from £14.36m to £16.25m, generating a gross profit of £2.42m (£2.1m). Trading profit emerged at £624,000 (£421,000) after operating costs, less income took £1.79m (£1.68m).

The directors say that the group incurred capital expenditure of £592,000, bringing the total for the last three years to more than £2.5m. They consider it is now appropriate to raise additional capital to finance the growth envisaged in the years ahead.

Accordingly they are proposing to raise £1.5m (after being approved by the shareholders) by the issue of 1.5m 10p convertible preference shares of £1 at par on the basis of one for every five ordinary shares.

Allebone & Sons, Northamptonshire-based, fourteenth-century, furniture and retail, achieved an 80 per cent increase in its taxable profits for the year to end January 1985. This improvement, from £404,000 to £730,000 was boosted by a £400,000 contribution from the disposal of properties, against a previous £97,000.

At the half way stage, excluding property sale profits, the group suffered losses of some £50,000 (£97,000) being particularly hard hit by the miners' strike in addition to tight margins.

The directors say that the current year has started satisfactorily with the trading climate being improved by the end of the miners' strike, and they remain optimistic about both the short and long-term prospects for the group.

The total dividend for the year

is lifted by 50 per cent, to 1.5p (1p), with a final of 1.5p (1p). Stated net earnings per 10p share are shown higher at 7.3p (5.1p).

Sales for the year moved ahead from £14.36m to £16.25m, generating a gross profit of £2.42m (£2.1m). Trading profit emerged at £624,000 (£421,000) after operating costs, less income took £1.79m (£1.68m).

The directors say that the group incurred capital expenditure of £592,000, bringing the total for the last three years to more than £2.5m. They consider it is now appropriate to raise additional capital to finance the growth envisaged in the years ahead.

Accordingly they are proposing to raise £1.5m (after being approved by the shareholders) by the issue of 1.5m 10p convertible preference shares of £1 at par on the basis of one for every five ordinary shares.

Allebone & Sons, Northamptonshire-based, fourteenth-century, furniture and retail, achieved an 80 per cent increase in its taxable profits for the year to end January 1985. This improvement, from £404,000 to £730,000 was boosted by a £400,000 contribution from the disposal of properties, against a previous £97,000.

At the half way stage, excluding property sale profits, the group suffered losses of some £50,000 (£97,000) being particularly hard hit by the miners' strike in addition to tight margins.

The directors say that the current year has started satisfactorily with the trading climate being improved by the end of the miners' strike, and they remain optimistic about both the short and long-term prospects for the group.

The total dividend for the year

is lifted by 50 per cent, to 1.5p (1p), with a final of 1.5p (1p). Stated net earnings per 10p share are shown higher at 7.3p (5.1p).

Sales for the year moved ahead from £14.36m to £16.25m, generating a gross profit of £2.42m (£2.1m). Trading profit emerged at £624,000 (£421,000) after operating costs, less income took £1.79m (£1.68m).

The directors say that the group incurred capital expenditure of £592,000, bringing the total for the last three years to more than £2.5m. They consider it is now appropriate to raise additional capital to finance the growth envisaged in the years ahead.

Accordingly they are proposing to raise £1.5m (after being approved by the shareholders) by the issue of 1.5m 10p convertible preference shares of £1 at par on the basis of one for every five ordinary shares.

Allebone & Sons, Northamptonshire-based, fourteenth-century, furniture and retail, achieved an 80 per cent increase in its taxable profits for the year to end January 1985. This improvement, from £404,000 to £730,000 was boosted by a £400,000 contribution from the disposal of properties, against a previous £97,000.

At the half way stage, excluding property sale profits, the group suffered losses of some £50,000 (£97,000) being particularly hard hit by the miners' strike in addition to



## UK COMPANY NEWS

## Co-op ponders next Ingall move

The Greater Midlands Co-operative Society, caught off balance by the House of Fraser's surprise £9.6m agreed bid for Ingall Industries, was yesterday considering whether to pursue its takeover bid for the Wolverhampton-based funeral director.

"It's a fairly full price," said Mr. Ronnie McMaster at the Manchester Exchange Trust, merchant bank advisers to the Co-op. "It would be difficult for the executives to justify that price to the Co-op board."

Ingall shares jumped 20p to 105p on news of the bid terms released after the market closed on Monday. House of Fraser is offering 105p in cash for every



### FINANCIAL TIMES EUROPEAN TOP 500 COMPANIES SURVEY

For the third year running, Europe's biggest publicly quoted companies are ranked in the FT 500. This year will be the first occasion that addresses, telephone and telex numbers will be listed at the back of the reprinted version, price £10. Cheques should be made payable to the Financial Times and sent to:

Nicola Benham, Publicity Department,  
Financial Times,  
Bracken House,  
10 Cannon Street,  
London EC4P 4BY

## ROCKWARE

- Year of revival - turnaround of £20m.
- Borrowings reduced significantly.
- Better results from reduced industry capacity and realistic pricing.
- Opportunities to develop packaging skills.

"1984 began with new but cautious confidence - the results show the confidence was well-founded. Better results have flowed from cutbacks in excessive industry capacity, realistic pricing and glass containers increase of one per cent share of total packaging... productivity has never been higher in our factories... I believe our turnaround is significant - it points towards improving profits and indicates a new momentum in policy and management. There is no reason to think that 1985 will be any easier than 1984, but we are determined to make it more profitable."

Sir Peter Parker, Chairman

### Summary of Results

	1984 £000	1983 £000
Sales	124,171	131,470
Profit (Loss) before taxation	2,735	(12,827)
Earnings (Loss) per Ordinary Share before extraordinary items	7.70p	(60.46)p

### ROCKWARE GROUP plc

Copies of the 1984 Annual Report & Accounts may be obtained from The Secretary, Rockware Group plc, Riverside House, Riverside Way, Northampton NN1 5DW.

## John Moore examines the talks between C. E. Heath and Hogg Robinson A mixture of defence and consolidation



Mr. Derek Newton

"MUSCLE HELPS." That is the crisp summation of Mr. Derek Newton, chairman of C. E. Heath, the insurance broker, for the reasons behind his group's current merger talks with rival Hogg Robinson Group. He has headed Heath for about 15 months and in that time has concluded that big insurance brokers are getting bigger, medium sized insurance brokers are an endangered species, and small brokers are becoming more and more specialist. So for the last four or five months, Heath, which ranks fifth in terms of revenue size among UK brokers, has been in talks with Hogg Robinson, which ranks sixth.

For about the last seven years a commercial game of leapfrog has been taking place in the international insurance broking community. A series of realignments among large groups were largely triggered by the ambitions of U.S. brokers. American brokers started looking beyond their own market in the early 1970s, eroded reserves, U.S. insurance companies, which looked to protect themselves by reinsuring - laying off risks with concerns such as Lloyd's.

In seeking to use the Lloyd's market to place business, U.S. brokers had to channel business through approved Lloyd's brokers. The Lloyd's brokers earned large amounts of commission, not only placing business in the Lloyd's market but also arranging reinsurance protection for Lloyd's underwriters on the U.S. business which had been produced in the first instance by U.S. brokers.

The U.S. brokers saw how much more commission was being earned by UK brokers on business generated by them and decided to move in on the action.

Moreover, they needed access to extensive international networks of Lloyd's brokers to demonstrate to multinational clients that they could service large accounts and also had the placing clout in world insurance markets.

For these reasons a series of mergers and acquisitions took place designed to provide existing brokers with a "full service" image which would impress clients, and secure business. At the same time, UK brokers wanted closer involvement in the U.S. market, through link-ups in order to have a presence to protect American accounts in increasingly competitive markets.

Against this background, the latest talks between Heath and Hogg Robinson are taking place in what could be the most significant domestic merger in the UK since Sedgwick Forbes and Bland Payne came together in 1979.

"It is not the sort of merger where you throw your hat in the air and say this is a magic moment," said Mr. Philip Olsen, an insurance analyst with stock-

brokers Kitcat & Aitken. "Rather, it resolves a number of development problems for both groups."

Heath and Hogg Robinson are in the middle of the league in the UK in terms of revenue. Ahead of them are Sedgwick, Britain's largest independent broker, which is to merge with Fred S. James of the U.S.; Willis Faber; Jardine Insurance Brokers; and Stewart Wriehouse. Both groups have not formed a really satisfactory enduring link with a major U.S. broking group. Heath has a correspondence relationship with Rollins Burdick Hunter, the world's 10th largest insurance broker, while Hogg Robinson has a relationship with Republic Steel in the U.S. and has acquired Penn General Agencies, which gave it some retail broking outlets in the U.S.

For the year ending March 1984 Heath reported pre-tax profits of £19.1m and Hogg Robinson £11.1m. At the close of trading on Monday evening, when both sides made their announcement, Heath was valued at £178m on the Stock Exchange while Hogg Robinson was worth £103.7m.

Their link-up has been interpreted as a mixture of defence and consolidation with a view to maintaining a position against the growing might of the major brokers.

Heath is strong on the international scene, with a significant amount of revenue generated by wholesale or reinsurance business. Hogg has a strong UK presence and is noted for retail direct broking operations. Heath wants more UK earnings to offset effects of volatile currency movements on its business, while Hogg wants an international presence to complement its UK business.

Heath, according to Mr. Newton, also wants to concentrate on building up sophisticated back-up systems and computerisation which will require capital but will allow the combined

### MAIN MERGERS AND TAKEOVERS

1978	Frank B. Hall (U.S.) acquires Leslie & Godwin (UK)
1979	Sedgwick Forbes (UK) merges with Bland Payne (UK)
1980	Marsh & McLennan (U.S.) acquires C.T. Bowring (UK)
	Fred S. James (U.S.) acquires control of Wigham Poland (UK)
1981	Alexander & Alexander (U.S.) acquires Alexander Howden (UK)
	Jardine Insurance Brokers (UK) acquires Bache Insurance (UK)
	Hogg Robinson (UK) acquires Penn General Agencies (U.S.)
1982	Transamerica Corporation (U.S.) acquires Fred S. James (U.S.)
	Combined International Corporation (U.S.) acquires Rollins Burdick Hunter (U.S.)
1983/84	Reed Stenhouse (Can) acquires Schiff Terhune (U.S.)
	Reed Stenhouse (Can) acquires Stenhouse Holdings (UK)
	Alexander & Alexander (U.S.) to merge with Reed Stenhouse (Can)
1985	Sedgwick Group (UK) to merge with Fred S. James (U.S.)
	* Financial conglomerate. ** An insurer.

group to compete efficiently with major broking groups.

A significant part of Heath's business is generated by pure underwriting activities. Under half of operating profit last year was accounted for by broking. It is vulnerable on the underwriting side at present and has to diversify itself, as does Hogg Robinson, of interests in its Lloyd's managing agency companies by the middle of 1987.

That is required if in 1987 there are plans to nationalise workers' compensation insurance business in the State of Victoria in Australia, which again accounts for a significant part of Heath's underwriting operations.

Lloyd's underwriting agency activities contributed £3m to Hogg Robinson's profit, which will be lost in the divestment moves.

Hogg Robinson also has extensive interests in the travel

business. Its agencies are the second largest in the UK and contributed, together with shipping, £3.88m to overall profits in 1983-84.

Mr. Newton and Mr. Wheway, chairman of Hogg Robinson, intend to keep the travel operations within the group although Mr. Newton hopes that there will be more "synergy" with the rest of the combined company.

For both sides, the merger talks represent a long period of various attempts to consolidate their efforts in the UK. Heath talked to Hogg Robinson around 16 years ago; Hogg has also talked to Willis Faber, while Heath has previously held various discussions with Minet Holdings.

The one thing that the merger will not give both sides is a strong U.S. link which would square the circle that is something we will have to think about," said Mr. Wheway.

## Talks in progress at Planet

BY TERRY POVEY

Planet Group, the caravan door and window manufacturer, is in talks that could lead to a bid for the whole of its outstanding shares.

When Planet's shares were suspended yesterday morning at the company's own request, they were worth 88p - valuing Planet at around £10m.

A formal announcement clarifying the position is expected at the start of trading today.

In 1984, Planet made a net loss of £410,000, compared with profits of £393,000 in the previous year.

What dragged the company into the red were the continuing losses at its Luxembourg offshoot, Planet SA. In 1984 this subsidiary consumed £19,000 pre-tax, including some £30,000 within the exceptional items, plus a further £40,000 in extraordinary losses most of which arose from the writing down of the book value of the offshoot to its expected sale price level.

The sale of Planet SA was completed yesterday - just ahead of the announcement that the parent was in talks.

On all these accounts rose from £11.09m in 1983 to £19.92m last year on premium income which in sterling terms rose from £2.64m to £5.7m but showed only marginal underlying growth. The company's UK motor account was hit by the severe competitive conditions in this sector and a spate of claims in the final months - a phenomenon experienced throughout the industry. Premium income rose from £5.48m to £7.51m and losses from £1.42m to £1.42m.

The company was hit by a high number of new asbestos claims on its reinsurance accounts which were advised during the latter part of the year. There were unexpected deteriorations in the Excess or Loss Non-Marine Accounts and a high number of claims in the now terminated UK Property and Overseas Property Facultative accounts.

Finally there was a further strengthening of loss reserves from £99.5m to £122.7m. As a result underwriting losses

on all these accounts rose from £11.09m in 1983 to £19.92m last year on premium income which in sterling terms rose from £2.64m to £5.7m but showed only marginal underlying growth.

The company's UK motor account was hit by the severe competitive conditions in this sector and a spate of claims in the final months - a phenomenon experienced throughout the industry. Premium income rose from £5.48m to £7.51m and losses from £1.42m to £1.42m.

### Maxwell share alternative

BY CHARLES BATCHELOR

Hollis Bros & ESA, Mr Robert Maxwell's office and schools supply group, is to make a one-off bid to become a subsidiary of Law Stationery Society to back up last week's cash offer from Pergamon Press, another of Mr Maxwell's companies.

Pergamon last week bought the 50.2 per cent stake in Solicitors owned by Thomson Organisation to take the Pergamon stake to 74.4 per cent.

At the same time it announced that the ultimate aim was for Solicitors to become a subsidiary of Hollis though Hollis lacked the available authorised capital to make an immediate bid of its own.

Hollis accompanied yesterday's bid details with an announcement that it will ask shareholders to increase its authorised share capital. Pergamon owns 73 per cent of the company and a publicly-listed company after

selling a 7 per cent stake last week to fund its own cash offer.

Hollis currently owns no Solicitors shares but is offering one of its own shares for every two Solicitors shares in a deal which values each Solicitors share at just over 50p and the entire company at £4m.

### Higher output and lower costs aid Phelps Dodge

BY KENNETH MARSTON, MINING EDITOR

MIM Holdings, the Australian base metal and coal producer, moved deeper into loss during the first 40 weeks of its year to June 30.

A net operating loss of A\$62.1m (£26.7m) was incurred, compared with a profit of A\$10.2m in the same of 1983-84 when the subsequent earnings for the full 12 months came out at A\$27.2m.

MIM is yet another mining company to have misread the foreign exchange market. Losses of more than A\$10m were incurred in currency hedging which, says the company, were taken to protect it from a normal risk reduction measure against the potentially disastrous effects of adverse currency movements.

The company also suffered from the strike of state electricity workers in Queensland, which was responsible for more than A\$20m of the latest loss.

## Energy Services' defence document attacked by Peek

Peek Holdings, which is making a £20m takeover bid for Energy Services and Electronics, yesterday launched a fresh verbal broadside against its target, saying ESE's "dismal earnings record" illustrated a lack of strategic direction.

Peek, a shell company with Liverpool grain storage interests, is attempting a reverse takeover of ESE, after which Mr. Julian Askin and Mr. Hugo Biermann would inject £6m and assume management of the combined group. Its offer closes on Thursday.

Peek, attacking the ESE defence document, said the company's chairman, Mr. Frederick Rollason, had been "disparagingly optimistic" in past forecasts for the Neve Audio subsidiary.

ESE disclosed after the Peek bid was launched that it intended to dispose of Neve "for a full value." But Peek said that this was "either an admission of

management failure or a hasty attempt to Peel's offer. It also claimed ESE was undercapitalised with 1983 gearing of 136 per cent.

However, Mr. Rollason hit back last night, saying that the company had now received approaches from potential buyers of Neve, which would be sold for "full value." This would mean a substantial reduction in borrowing which were due to fall anyway in 1985. A reasonably high level of gearing was of benefit for a rental business.

Peek's plans for the rental side, he added, showed that they did not understand this business and Peek's document failed to answer his questions about the management credentials of Mr. Askin and Mr. Biermann.

ESE shares closed last night at 97p, which compares with a share offer worth 97.5p, and a 70p cash alternative.

### MINING NEWS

## MIM hit hard by currency hedging

BY KENNETH MARSTON, MINING EDITOR

MIM Holdings, the Australian base metal and coal producer, moved deeper into loss during the first 40 weeks of its year to June 30.

A net operating loss of A\$62.1m (£26.7m) was incurred, compared with a profit of A\$10.2m in the same of 1983-84 when the subsequent earnings for the full 12 months came out at A\$27.2m.

MIM is yet another mining company to have misread the foreign exchange market. Losses of more than A\$10m were incurred in currency hedging which, says the company, were taken to protect it from a normal risk reduction measure against the potentially disastrous effects of adverse currency movements.

The company also suffered from the strike of state electricity workers in Queensland, which was responsible for more than A\$20m of the latest loss.

It adversely affected coal and copper metal and coal producer, moved deeper into loss during the first 40 weeks of its year to June 30.

MIM's sales in the latest period rose 18.7 per cent to A\$612.4m, helped by rising output of the two new coal operations, but revenue was hit by low prices for copper, lead and silver for most of the time; the weakness of the Australian dollar developed too late in the period to benefit income to any real extent.

Despite the poor result, the company says that its position is improving as cost-cutting moves become more effective and higher production levels are achieved. In addition, prices of some metals are strengthening.

The group is 44 per cent owned by the U.S. Asarco which is currently fighting off a bid approach by Mr. Robert Rollason, a Court, the Australian entrepreneur. In London yesterday, shares of MIM closed unchanged at 177p.

## Higher output and lower costs aid Phelps Dodge

BY KENNETH MARSTON, MINING EDITOR

HAVING MADE six consecutive quarterly losses, the big U.S. copper-producing Phelps Dodge has returned to a profit of \$1.6m (£1.28m) in the first quarter of this year.

In the previous three months there was a loss of \$22.6m before year-end writedowns of \$195m, while the first quarter of last year saw a loss of \$30m before crediting an extraordinary gain of \$25m.

Phelps attributed the turnaround to cost reduction programmes and high production levels at the Morenci and Tyrone mines, despite a fall of nearly 5 cents per pound in the average spot price for copper on the New York Commodity Exchange.

Earnings of the company's primary metals division - mostly copper - amounted to \$10.7m in the latest quarter compared with a loss of \$38.9m in the same period of last year. The division's copper production rose to 98,900 tonnes from 78,900 tonnes a year ago, although much of the increase reflected the mining,

now largely completed, of a high grade zone at the Morenci property.

While high gold prices in terms of non-U.S. currencies were being enjoyed by gold mines in other parts of the world during the first quarter, the major U.S. producer, Homestake Mining, suffered from the effects of the strong dollar. Net income for the period has fallen to \$9.3m (£7.4m), or 7 cents per share, from a resorted \$15.1m in the first quarter of 1984.

South African Manganese Answer, the world's biggest supplier of manganese, has made a comeback in the year to February 20. It has made a pre-tax profit of \$118.04m (£49m) against a loss of \$458,000. At net level after extraordinary items, earnings came out at \$15.7m against \$14.5m. The final dividend is lifted to 27 cents to make a total for the year of 37 cents against 5 cents.



Record results -  
"growth set to continue"

Results for the Year Ended 31st December, 1984

	1984	1983	
Turnover	£421m.	£385m.	+ 9.3%
Profit before taxation	£32.7m.	£23.2m.	+ 40.8%
Earnings per share	33.10p	24.28p	+ 36.3%

Despite an uneven market for construction materials, we improved performance in sand and gravel, aggregates, ready-mixed concrete and bricks. We have strengthened construction materials through acquisition, and as a result, the rate of addition to reserves has exceeded our rate of extraction.

As previously reported, the sale of the Australian minerals business was completed in June. Our main investment outside Europe is now in North America where the minerals business showed a great advance during the year. Owing to the depressed economic conditions in Western Canada, our distribution activities there did not recover as fast as we had expected.

One of the factors which has led to improved profits has been a continuous effort to concentrate on the growth areas of the Group and, at the same time, to dispose of assets that would not contribute an adequate return in the long term. This policy has led us to invest in major capital expenditure. In particular, an automated clay tile plant was brought into production at Keele, and a new highly efficient brick plant of 50 million bricks capacity will be commissioned during this year.

We expect the recent high level of capital expenditure, particularly in brickworks and aggregates, and the cost cutting that has been carried out, to produce a further increase in profits in 1985.

D. L. Donne  
Chairman

STEETLEY PLC  
GATEFORD HILL, WORKSOP,  
NOTTINGHAMSHIRE S81 8AF



## Gallaher earns record £37m in first quarter

Gallaher attained record results in the first three months of this year with pre-tax profits advancing from £36.2m to £37.2m after a more than doubled interest charge of £5.9m, reflecting both higher rates and acquisition costs.

Tobacco, the group's mainstay business, experienced a buoyant home market as a result of the trade, buying record volumes ahead of the Budget.

"Export sales showed good growth," the directors state and add that overseas tobacco subsidiaries' trading profits were up by 8 per cent.

Overall, tobacco operations contributed trading profits of £26.8m compared with £24.7m.

Gallaher, which is wholly owned by American Brands Inc of the U.S., has other interests in optics, pumps and valves, retailing, and wholesaling, electronic products and housewares.

The optimal side achieved "good sales growth" with trading profits ahead by over 6 per cent to £2.3m. In engineering, an improvement from £1.5m to £1.7m was more than offset by the effects of the miners' strike and the drought in Africa on Mono Pumps.

"Excellent figures" were achieved by Forbuys which helped distribution activities record a 36 per cent rise to £1.9m. Other office products were held back by "somewhat sluggish trading conditions," with particular difficulties in Australia — profits from this division fell by £100,000 to £300,000.

Within housewares, Prestige made a "sound start" to the year although demand in the UK was quiet.

Group turnover for the three months amounted to £277.5m against £273.3m. Turnover for the whole of 1984 was £2.94bn which generated pre-tax profits of £108.3m.

## J. J. Frost ahead by 25% despite lease dispute

SOLID ALL-round progress has been achieved by the J. J. and D. Frost group in 1984, with turnover rising 39 per cent to £35.34m and the profit before tax increasing by 25 per cent, from £281,000 to £351,000. The group intends to build on its three successful and complementary divisions — petroleum retailing, sales promotion, and banking services.

The dividend is lifted from 2.5p to 2.5p net, the final being 2.5p.

Mr R. J. Frost, the chairman, says the success of 1984 was "all the more remarkable" as the results included a loss of revenue in Look Service Stations (operator of leasehold sites) as a result of the lease terms dispute with Elf Oil.

The rent review date has now arrived and the group has been advised that the lease terms should be reduced by around £1m per annum. Cost to shareholders of this dispute included in the 1984 figures for the three months is about £250,000, and for January to March 1985 will be around £200,000 up to the review date.

During the year 13 new petroleum sites were acquired and a further 20 net acquisitions are anticipated for 1985. The chairman looks for further progress.

After tax £210,000 (£234,000) and minorities £175,000 (£192,000), earnings per share are shown to be ahead from 6.60p to 7.17p.

## Farnell rises by 28% to over £20m

Farnell Electronics, the electronic components distributor and manufacturer of power supplies, achieved a 28 per cent increase in taxable profits from £15.7m to £20.29m in the 53 weeks to February 3 1985.

Nearly all the improvement stemmed from the electronic component distribution division which raised its contribution by £4.62m to £15.47m.

Electronic manufacturing and marketing operations returned less at £3.2m, against £3.24m, while the consumer goods distribution side contributed an unchanged £162,000 — other activities, including the parent company, added £147m, compared with £260,000.

Total turnover amounted to £77.82m, against £62.86m, with the net balance at £11.35m (£8.16m). After minorities and dividends the retained profit was £9.14m (£6.25m).

Tax took £3.9m (£7.63m), leaving the net balance at £11.35m (£8.16m). After minorities and dividends the retained profit was £9.14m (£6.25m).

Mr D. Palmer, the chairman, says in the years 1982 and 1983 profits rose by 63 per cent on a small increase in turnover. This year expansion in turnover was resumed and was almost equally divided between the UK and overseas.

"Even this much higher figure understates the real growth in our property business in the United States of America where we operate through partnerships, the whole of whose turnover is not reflected fully in our group accounts."

Although there is a time lag between turnover and profits, the group still achieved an increase of 25 per cent in trading profit in the two years 1983-84, says Mr Palmer.

In the year net rents came to £2.58m (£2.44m) and the trading profit to £3.03m (£2.1m). Interest charges were £2.56m (£2.59m).

Earnings are shown at £2.60p (£2.19p) after tax £491,000 (£346,000) and minorities £2,000 (£8,000). There are extraordinary charges of £200,000 (£301,000) of which the main item is reorganisation costs.

The strengths of Farnell Electronics seem to come through most in times of weak demand in the industry. In these results there is little sign that the dominant distribution business has been affected by poor demand — quite the reverse since margins, already high at 32 per cent, have climbed to 31 per cent. The key to this success is Farnell's emphasis on small-batch distribution rather than bulk supply — and the customer base of small businesses is clearly very resilient. The picture is somewhat different in power supply manufacturing where profits have fallen in line with activity now accounts for only 16 per cent of the group's profits and this proportion is likely to fall still further in the current year. Overall, the group should make £23m pre-tax, possibly more, but the outlook depends very much on when industry demand for electronic components begins to pick up. The distributors are looking anxiously to the U.S. for the first hints of recovery. When this comes, Farnell shares could be ripe for a rapid re-rating, after falling behind the market in the past year. At 195p unchanged they are good value, trading on a multiple of 17.

### James Beattie

With earnings showing a rise of 25.6 per cent, from 8.79p to 12.3p, for the year ended January 31 1985, James Beattie is lifting its dividend from 8.4p to 4.55p net. A 1-for-1 scrip issue in A ordinary shares to both classes of ordinary holders is also proposed.

Sales of the group, which operates six department stores in the West Midlands, rose by 9.7 per cent to £41.72m. But the trading profit was up 16.6 per cent to £4.14m and the pre-tax balance by 17.4 per cent, from £4.19m to £4.92m. Tax took £2.1m (£1.99m).

## Rush & Tompkins profits lag behind soaring sales

THE LONG term nature of the Rush & Tompkins Group business — property investment and construction — is highlighted in the 1984 results, state the directors.

Turnover has resumed its upward path with a 36 per cent rise to £117.8m, but the trading profit has hardly moved and the pre-tax balance shows only a 3.15 per cent increase, from £2.96m to £3.06m.

However, the directors consider the results justify increase in the dividend, and are paying a final of 8.55p a total of 7.65p net, against 7.25p.

Because the businesses have certain seasonal aspects the directors are changing the accounting year-end to March 31. The next accounts will cover 15 months to March 31 1986, and dividends will be paid in January, June and October, thereafter they will normally be payable in April and September each year.

Mr D. Palmer, the chairman, says in the years 1982 and 1983 profits rose by 63 per cent on a small increase in turnover. This year expansion in turnover was resumed and was almost equally divided between the UK and overseas.

"Even this much higher figure understates the real growth in our property business in the United States of America where we operate through partnerships, the whole of whose turnover is not reflected fully in our group accounts."

Although there is a time lag between turnover and profits, the group still achieved an increase of 25 per cent in trading profit in the two years 1983-84, says Mr Palmer.

In the year net rents came to £2.58m (£2.44m) and the trading profit to £3.03m (£2.1m). Interest charges were £2.56m (£2.59m).

Earnings are shown at £2.60p (£2.19p) after tax £491,000 (£346,000) and minorities £2,000 (£8,000). There are extraordinary charges of £200,000 (£301,000) of which the main item is reorganisation costs.



Mr Derek Palmer

Rationalisation of the property investment portfolio has continued, says the chairman. Land and building, mainly of an industrial nature and representing 10 per cent of the portfolio, have been sold and replaced by nearly £5m of retail and office property.

There was an increase in borrowings at the year end as a result of further investment in property and development in both the UK and the U.S.; these should fall as the developments are sold. The holding in undeveloped land is also being reduced.

Bankers are giving substantial support and early this year a syndicate of five of them made available a U.S. \$15m medium-term multi currency unsecured loan facility, which will provide funds for the property business in the U.S.

Total net borrowings are just over 50 per cent of the investment in property. This investment, some £20m at the year end, was made up of £47.5m being the value of the UK portfolio; £18.9m being land and buildings held for or in course of development, and £13.4m

being the group's share of the assets of the American partnerships. In the directors' opinion the current market or realisable value of the assets substantially exceeds book value.

At the year-end net asset value was shown at 377p per share, against 379p a year earlier.

All properties held as fixed assets have been valued by Mr A. E. Leyland, a director, with professional assistance, and they have put an open market valuation on the properties of £47.5m, which has been incorporated in the accounts. The group's share of a property held as an investment in the U.S. was professionally valued at \$5.65m, and that has been taken into the accounts.

### comment

Denizens of the City may already be aware as a result of the traffic congestion caused by the Aldersgate development, of Rush & Tompkins' single most important property development. Letting contracts on this 48,000 sq ft project may well soon be signed and could add 40p to the group's net assets per share.

More news on this development, plus a rise in total dividend, that takes the yield up to 4.44 per cent should all compensate for the failure of pre-tax profits to live up to forecasts — the £3m is about 1/10th shy of the analysts' average. Lower margins plus the decision to go for turnover growth rather than a profits increase have also had an effect.

At present the shares are trading at a 35 per cent discount to net asset value — possibly reflecting caution by the market in rating a company with a gearing of over 50 per cent — a little too rich even for a property developer, although some of the edge is taken off this by the non-recourse funding used in the U.S. which limits the risk exposure of the parent. For 1985 the market is looking for pre-tax profits of just over £4m, which on a modest tax rate of 15 per cent (the group has £21m in tax allowances in its books) put the shares, at 244p, on an undemanding prospective multiple of 5.

## Lloyds Bank changes

Mr David Harrison has been appointed an assistant general manager in the corporate bank division of LLOYDS BANK. He succeeds Mr Martin Crutcher, who is now general manager, group headquarters.

Mr Harrison, previously regional director and general manager for Greater London (South), has been succeeded by Mr Terry Baker, formerly manager of the bank's City office. Mr Tony Bird is the new manager of City office. He was previously deputy regional general manager in Central London (West) regional head office. Mr Peter Constable has been appointed regional director and general manager for Greater London (North), succeeding Mr Vic Tyrrell, who has retired. Prior to his appointment, Mr Constable was on secondment to the Committee of London Clearing Bankers.

Mr Rob A. Harris has been appointed secretary and chief financial officer of MCCORQUODALE COMMERCIAL PRODUCTS.

WESTBURY HOMES GROUP has appointed Mr David Winch as its new chairman. He was on the board of Tarmac and chairman of Tarmac Industrial Holdings.

THE NEWCASTLE BUILDING SOCIETY has appointed Mr D. W. Midgley a general manager. He has been deputy general manager since 1983.

ALEXANDER HOWDEN has made Mr M. R. McDermott and Mr R. Dralls directors.

Mr F. E. Bollen has become a director of ALEXANDER HOWDEN REINSURANCE BROKERS.

Mr Herbert John Tudball has retired as director and company secretary of SIDNEY C. RANKS. Mr Colin Newman Thomson has succeeded him as company secretary. Mr Thomson has been with the company since 1974 as chief accountant.

Mr Phillip Court, chief general manager of Midshires Building Society, has been appointed chairman of the MIDLAND ASSOCIATION OF BUILDING SOCIETIES.

Mr Court, who already represents the Midlands on the Building Societies Association's National Council, previously served for one year as deputy chairman to the Midland Association.

Mr Mike Barga (Nissen International) and Mr John Warren (C. L. Gaul and Co) have been elected as the first chairman and vice chairman respectively of the RECREATION AND LEISURE TRADES ASSOCIATION, a new member group affiliated to the British Sports and Allied Industries Federation.

Mr Keith Jacobs, BIRDS EYE WALL's marketing director, is to leave at the end of July to take up an outside appointment. He will be succeeded as marketing director by Mr Eric Walsh, presently general marketing manager (frozen foods).

BRADBURY WILKINSON has appointed Mr Derek Salmon as managing director of security printers Aero-Print, of Aylesbury. He was formerly general manager of Burroughs Business Forms UK and previously held a succession of senior appointments with Rank Xerox.

Mr Arthur A. Bruneau has been elected to the board of ALCAN ALUMINIUM. He replaces Mr Frank S. McCarthy who has resigned for personal reasons. Mr Bruneau, who has been secretary and chief legal officer since 1972, has also been appointed senior vice president. Mr Michael C. de Miller has been appointed director of corporate communications.

LAING PROPERTIES (UK), the subsidiary recently formed by Laing Properties to be responsible for its activities in the UK, has appointed Mr Geoffrey Glover as deputy managing director. He will be responsible for the operating divisions: retail, offices, industrial and technical services.

HENDERSON UNIT TRUST MANAGEMENT has appointed Mr I. C. Dickson, Mr S. C. Nevitt, Mr R. D. Bush and Mr P. J. Thorall directors.

## Granville & Co. Limited

Member of The National Association of Security Dealers and Investment Managers  
8 Lovat Lane, London EC3N 3DT Telephone 01-621 1212

### Over-the-Counter Market

High	Low	Company	Price	Change	Div. (p.)	%	Actual	P/E	Fully
144	132	Ass. Bnt. Ind. CULS.	148	10.0	6.7	—	—	9.0	9.5
151	138	Ass. Bnt. Ind. CULS.	148	10.0	6.7	—	—	9.0	9.5
77	51	Alpington Group	55	6.4	11.8	6.1	7.2	—	—
100	80	Amalgamated	85	15.0	8.0	7.4	13.5	—	—
146	108	Bardell Hill	125	21.0	14.5	23.6	—	—	—
36	42	Bentley Securities	45	3.0	7.5	5.2	7.2	—	—
152	130	CCCL Type Conv. Pref.	140	12.0	15.2	—	—	—	—
1200	100	Calderdale Ind.	105	48.0	4.1	5.9	9.2	—	—
88	84	Cardronum 3.5p. Pl.	85	10.7	—	—	—	—	—
12	40	Cashmere Services	49	8.5	13.3	4.7	7.5	—	—
316	182	Frank Horell	216	34.0	3.7	18.6	—	—	—
268	170	Frank Horell Pr.Ord.57	200	68.0	10.4	13.7	—	—	—
32	22	Frederick Pitt	28	6.0	—	—	—	—	—
58	33	George Blair	57	2.0	12.5	3.8	7.7	—	—
100	21	Ind. Precision Castings	187	15.0	8.0	7.4	13.5	—	—
218	188	Isle Group	197	3.0	4.7	4.9	9.5	—	—
124	101	Jackson Group	105	4.0	5.7	8.5	8.5	—	—
285	213	James Burroughs	240	42.0	12.9	14.7	—	—	—
55	53	James Burroughs Pl. Pr.	58	3.0	—	—	—	—	—
87	71	John Howard and Co.	85	14.0	5.9	8.7	10.8	—	—
218	100	Lingaphone Ord.	218	118.0	15.3	—	—	—	—
100	50	Lingaphone 10.5p. Pl.	58	5.0	8.5	—	—	—	—
850	300	Minhouse Holding NV	850	550.0	0.8	46.8	51.2	—	—
120	31	Robert Jenkins	54	5.7	16.8	17.9	4.1	—	—
10	26	Scrimm "A"	26	16.0	—	—	—	—	—
82	61	Tonday and Carle	78	17.0	1.2	8.2	17.3	—	—
444	330	Travison Holdings	385	59.0	1.3	18.8	18.4	—	—
30	17	Unicost Holdings	30	13.0	4.3	14.6	21.0	—	—
98	81	Walter Alexander	96	7.0	7.8	9.5	11.8	—	—
247	216	W. S. Yates	230	17.0	7.8	10.8	—	—	—

Prices and details of service now available on Farnal, page 48146

This announcement appears as a matter of record only



## WESTBURY HOMES GROUP LIMITED

A new company formed by its management has purchased Westbury Homes plc for approximately £11.75m.

In addition to the management, the following institutional investors have subscribed to the issued share capital:

- Brown Goldie & Co Limited
- Citicorp Venture Capital
- Colonnade Development Capital plc
- County Bank Development Capital
- Electra Investment Trust plc
- Gresham Trust plc
- The Hoare Candover Exempt Fund
- Investors in Industry plc
- Kleinwort Benson Development Capital Limited
- Legal & General Assurance Society Limited
- The London Life Association Limited
- Midland Bank Equity Group
- Murray Ventures plc
- CIN Industrial Investments Limited
- North British Canadian Investment Company plc
- The Prudential Assurance Company Limited
- Target Group

arranged by

Investors in Industry plc

Priventure

in association with  
Panmure Gordon & Co

## Good news.

Extracts from a statement by the Chairman, Mr John M Menzies:

"We started the year with two main activities, namely, distribution and services. It was decided to concentrate our resources in the distributive area where our corporate knowledge and skills lie. The cash proceeds from rationalisation created a strong balance sheet for the expansion of our mainstream business. A number of propositions are being actively considered."

"It is worthy of note that over the past five years investment through capital expenditure and acquisitions in our main business has amounted to more than £35m."

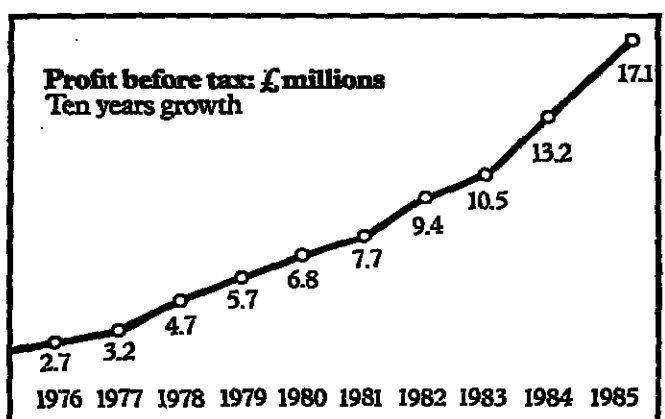
"Group turnover has increased by 9.6% over the previous year. Pretax profits have increased by 29.5%. This is another excellent performance."

"All areas of the Group contributed to the increase."

"A final dividend of 2.25p per share is recommended making a total dividend of 3.375p per share, an increase of 12 1/2%."

"The new trading year has got off to a good start in all areas of the Group and I have high hopes that another satisfactory increase in profits lies before us."

John M. Menzies



	1985	1984
£m	£m	£m
TURNOVER	505.3	461.2
PROFIT		
BEFORE TAX	17.1	13.2
AFTER ACTUAL TAX	9.2	9.2
ORDINARY		
SHAREHOLDERS FUNDS	43.2	38.0
PER ORDINARY SHARE		
EARNINGS—ACTUAL TAX	16.1p	15.9p
DIVIDENDS	3.375p	3.0p
DIVIDEND COVER	4.8	5.3

John Menzies

If you would like to receive a copy of John Menzies' 1985 Annual Report, please write to: The Secretary, John Menzies plc, Hanover Buildings, Rose Street, Edinburgh EH2 2YQ.



## TECHNOLOGY

EDITED BY ALAN CANE

## Design and Construct



Norwest Holst

## Viewdata system for Lloyds

RADIO RENTALS Contracts, part of the Thorn EMI group, has just completed a viewdata system for Lloyds Bank that will be used to provide up-to-date information for personal loan applications and insurance, examples for customers in Lloyds new "Saturday Service" branches.

RRC's viewdata terminals are linked via BT telephone lines to mainframe computers in Nottingham which store over 42m pages of information. After initial use in London headquarters offices and in the 130 branches that open on Saturday, the service may be extended to other parts of the UK. Customers will be able to apply for on-the-spot personal loans up to £5,000. RRC supplied and installed 200 Sony KYR-9000 UB viewdata terminals and a similar number of alphanumeric keyboards for the system which provides a 14-page memory store facility for customers as well as automatic dial and re-dial facilities.

## Saving energy

A JOINT venture by Harwell and ICI is aimed at reducing energy costs in the process industries by up to 70 per cent.

To be called the Energy and Process Integration Service (EPI), the venture will make available process integration techniques successfully developed and applied by ICI where savings of nearly £30m a year have been identified. They offer a systematic alternative to the piecemeal approach often adopted in energy conservation.

In the UK, EPI is already carrying out work for British Sugar, Courtaulds Fibres and Procter & Gamble, among others. Abroad, several companies in the US, and India are consulting ICI.

## Secret ingredient at Schweppes

Peter Marsh investigates the skills of the flavour scientists

MIKE WOODROW has proud memories of a concoction called Red Bitters.

Mr Woodrow, senior flavour scientist at Schweppes International, recalls that perfecting the taste for the drink, a non-alcoholic form of Campari, was a particularly complex task that stretched to the limit his abilities to conjure up a required flavour from a mixture of chemicals and fruit extracts.

Schweppes, the soft-drinks arm of the £2bn-turnover Cadbury Schweppes group, employs Mr Woodrow and three other flavourists as vital elements in the race to open up new market opportunities in the world drinks business.

"The crucial thing (about a new drink) is character and point of difference," says Dr Alan Grinham, Schweppes' director of research and development.

Thus the skills of the flavour scientists are invariably behind any additions or embellishments to the company's range of drinks products, which currently stands at 400.

In soft drinks Schweppes is fifth largest in terms of sales, after Coca-Cola, Pepsi-Cola, F&P and Dr Pepper, which are all U.S.-owned. The first two groups dominate in this area, accounting for more than half total sales, which are estimated at about £70bn a year.

Schweppes or other companies with which it has franchising agreements have bottling plants in 59 countries and between them account for annual drinks sales of about £1bn.

The importance of flavour technology was demonstrated last week when Coca-Cola said it had changed the secret recipe for its brand-leading drink. The company said the new recipe would give a sweeter, improved taste—though Pepsi, Coca-Cola's arch rival, immediately heralded the announcement as evidence that the world leader had lost confidence in its staple product.

The fierceness of the competition in soft-drinks is illustrated by Dr Grinham's reluctance to name Mr Woodrow's three colleagues for fear that they might be poached by the opposition.

And an impenetrable shroud of secrecy hangs over an unnamed Schweppes worker, 28 years with the company, who is employed to commute around five factories in Britain, South Africa, Bulgaria, Spain and



Mike Woodrow in the laboratory: "More an artist than a scientist..."

Australia to supervise mixing of vital extractions in Schweppes tonic water, the company's top selling product.

This man, who works at the company's research headquarters in north London but is kept firmly out of the public gaze, is one of the only five people in the group who knows the full recipe for the drink, whose uniqueness, according to Schweppes, lies in a particular essence made from oranges and lemons.

Dr Grinham says of his team of flavourists: "They are more artists than scientists. They have an ability to detect from a complex mixture of chemicals that there is a certain note that will affect taste."

The work of Mr Woodrow and his colleagues starts with a request from the company's product developers to find a flavour with a particular characteristic, perhaps with a hint of tropical fruit or something that is vaguely exotic.

The four flavourists have at their disposal a "bank" of several thousand liquids, which are fruit extracts or chemicals either produced by Schweppes or bought from suppliers.

The flavourists rely on their noses to come up with the right

formulations. They each have their own sealed, air-conditioned room to keep away off-putting smells. Typically, the worker sniffs a sequence of mixtures before producing a dozen or so that he thinks will satisfy a specific brief.

Tasting comes afterwards. "If it smells right, then it's worthwhile to taste," says Mr Woodrow.

Later comes the refining of the formulation to meet comments from marketing people and engineers who may be called upon to devise plans to make the product.

Mr Woodrow says that hazards of the job include comments from acquaintances who complain he smells fruity. And colds can be a problem as a blocked nose reduces his effectiveness.

According to Dr Grinham, each of the flavourists have their own special style. He can normally tell which of them developed a specific flavour—even though he cannot put into words what is unique about each person's work.

Mr Woodrow and his colleagues come up with about eight new flavours a week. On average, roughly one in 30

evolves into a new formulation which goes on the market.

Generally, an idea for a new flavour takes three months to develop into an approved formula. Nine months or so later, the new drink swings into production, in one of 420 bottling plants run by Schweppes or its franchisers.

In rough terms, only 0.1 per cent of the beverage is accounted for by the all-important flavouring ingredients. These are shipped to the bottling plants in liquid form (either dissolved in alcohol or mixed with water to form an emulsion) from the five Schweppes factories that turn out flavours.

In a fruit drink such as bitter-lemon or orange, perhaps 80-90 per cent of the beverage is carbonated water. Often, less than 10 per cent is fruit extract, which Schweppes produces at 12 plants around the world in a secret process.

This figure can, however, be higher in some drinks which Schweppes promotes as being particularly nutritional—Apple-tise, for instance, contains 100 per cent apple extract. The remaining ingredients are typically citric acid, sugar and colouring.

## A world of oranges, lemons and fizz

WITH BOTTLING plants in roughly a third of the world's nations, Schweppes continually tries to cross-fertilise ideas from around the globe to come up with formulations suited to a particular country.

A team of flavourists in north London may be brought in either to adapt a brew already in production or to devise a new product for a specific nation.

In Japan (a market that Schweppes entered only two years ago) the company tried out a new product, a drink based on passion fruit and oranges. Japanese citizens appear to like smooth-tasting beverages and find the taste of conventional Western soft drinks somewhat harsh.

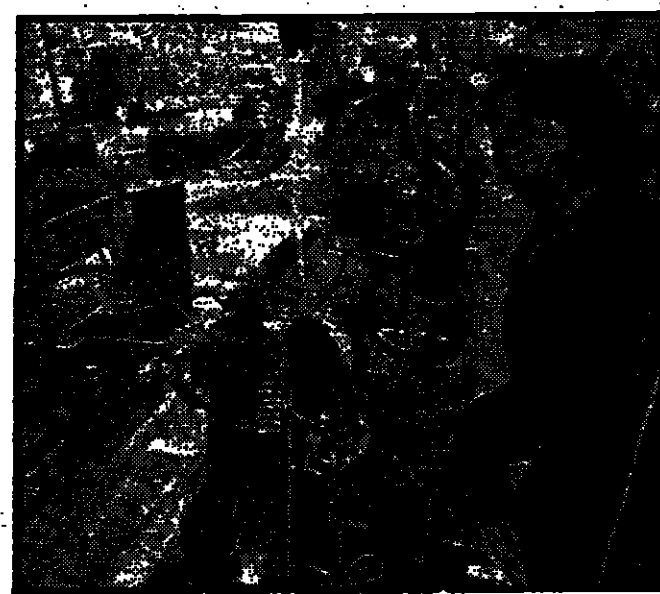
The drink was made with oranges from Israel, passion fruit from Brazil and know-how from London. Further products chosen by Schweppes for Japan were a grapefruit drink based on embellishments of a product sold in Norway and made with fruit from Israel, and an apple beverage (ideas from Austria, fruit from West Germany).

In Japan, Schweppes entered the market through a franchise agreement with Asahi, a brewer, which was responsible for bottling and marketing, leaving the soft-drinks expertise to the British company.

In Egypt, Schweppes came to a similar arrangement with an Egyptian company called Al Mokandes. Since the franchise deal was agreed four years ago, people in Egypt have been sampling a Schweppes tangerine drink (tangerines shipped in from Turkey and marketing expertise from Bulgaria) as well as a new mango product based on fruit grown locally.

Other drinks chosen for the Egyptian market included beverages based on oranges and lemons and the ubiquitous tonic water.

The people who sell Schweppes' products in Britain have also benefited from ideas developed elsewhere. This year the company has introduced in the UK two new drinks—the Japanese orange/passion fruit mixture and Limor, a non-fizzy form of bitter-lemon, which was originally developed for Spain.



Sony's TV production line at Bridgend, Wales

## Electronic prototype for commercial ordering

BY ELAINE WILLIAMS

MULLARD, the UK-based electronic components subsidiary of Philips of the Netherlands, and Sony of Japan, one of its biggest customers, are linked through an electronic system which many see as a prototype of commercial ordering networks of the future.

Mullard in the UK runs a viewdata system for its customers called Movies—terminals have been installed on their premises connected over telephone lines to a Mullard computer. Messages can be sent both ways—Mullard can give its customers an idea of what it has in stock and its customers can place their orders at the speed of light.

Sony places the bulk of its orders for its Bridgend, south Wales, factory with Mullard over this network. The advantages from Sony's point of view include the ability to check the status of back orders and deliveries. It also functions as a simple electronic mail system.

Mullard's potential advantages include a reduction of administrative costs because the customer originates the order entry, increased sales to key customers because of the new efficiency of the system and potential access to competitive information.

Suppliers of production equipment to Sony's UK factory like National Panasonic like also established private viewdata for the ordering of spare parts and to make its simpler to call service engineers in the case of

machine failure. Companies like Mullard, National Panasonic and Sony are pioneering some of the most exciting new uses of viewdata, a technology of which much was hoped because of its effectiveness and low cost, but which has had to wait until adoption by commerce and industry to realise that potential. Now in the UK, more than 50 per cent of the 52,000 viewdata sets installed are in business applications.

Sony operates its own in-house system connected to electronic noticeboards around the Bridgend location, giving the latest news from the local camera club, the dak's menu from the canteen and personal advertisements.

Now it is developing a new viewdata network as part of its £8.5m investment in new production facilities at Bridgend.

It will be used to track the production of televisions and viewdata sets.

Each circuit board will have a unique bar code to make it possible to track electronically its progress through the factory.

Some 30 per cent of the 800 components which make up a television main control board are still inserted by hand. Sony's managers hope the new viewdata system will help to stimulate worker's interest in reducing errors during this repetitive process. An average of 1,500 circuit boards will pass each operator station each week.

## Many happy returns.



When Thai became airborne in 1960, our philosophy was simple. Only the best of people would run the airline. Only the best aircraft would make up the fleet. And the standard of service would

be of the gracious, traditional kind. Thai's Royal Orchid Service took off and hasn't stopped climbing since. Our pioneering spirit has flourished, too, since we opened up Kathmandu and Bali in the late 1960's.

We were one of the first to establish a special business class. We introduced the first non-stop flights to Europe. And established a north-west gateway to America. Served by an ever-expanding fleet of



magnificent 747Bs and wide-bodied A300s, Thai's route network now includes over 40 cities in 32 countries across four continents. Many happy returns, many happy departures.



SECTION III - INTERNATIONAL MARKETS  
**FINANCIAL TIMES**

Wednesday May 1 1985

هكذا من الضمير

## WALL STREET

**Economic  
data prove  
discouraging**

THE DISCLOSURE of fresh indications of sluggishness in the U.S. economy depressed Wall Street stocks again yesterday, writes Terry Byland in New York.

An unexpected dip in the Commerce Department's leading economic indicators for March, together with another fall in U.S. factory orders and an \$11bn trade deficit in March, all discouraged investors.

After initial recovery in blue chips, the Dow Jones industrial average was down 1.86 at 1,256.06.

Technology stocks fell away after a quiet start while tobacco shares weakened on growing concern over impending cancer lawsuits. The bond market added about half a point but was overshadowed by the prospect of the Treasury refunding announcement, due late in the session.

The fall in leading indicators, contrasting with Wall Street predictions of a small rise, fed the nervousness in the stock market which lay behind Monday's 15 point fall in the Dow.

The Dow transportation average was dragged down by fresh losses in rail stocks, which will be early sufferers from a slowdown in manufacturing activity. Norfolk and Southern, at 86 1/2,

lost 1 1/4, and Burlington Northern at 84 3/4 was 1 1/4 off.

In the airlines, United fell a further 1 1/4 to \$40 as investors remained unmoved by the recent trading results and by the planned purchase of Pan American's Pacific operations - some analysts have suggested that United may be paying too high a price. Pan American, at 54 1/4, shed 3/4.

Eastern Air Lines, which has soared in analysts' opinions as its survival plan has flourished, gained 3/4 to \$8 1/4. American Airlines, United's chief competitor on the domestic routes, added 3/4 to \$39 1/4.

General Dynamics fell 5/8 to \$66 1/2 on news that it was laying off some of the workforce.

Trading in tobacco stocks was delayed after a downgrading by an analyst at Drexel, Burnham, Lambert brought a wave of sell orders. At mid-morning, Philip Morris opened with a fall of 3/4 to \$86 1/4, and R. J. Reynolds, 3/4 down at \$77 1/4. American Brands, at 84 1/4, was 1 1/4 off.

Tobacco stocks were hit by selling on Monday as Wall Street shied away from the implications of lawsuits coming to court next month, which attempt to pin legal responsibility for cancer deaths on the tobacco companies. If successful, the claims would have formidable significance for the tobacco manufacturers.

Industrial sectors wilted at mid-session. IBM shed an early gain to fall 3/4 to \$125 1/4. Other technology losers included Honeywell, 1 1/4 down at \$54 1/4, Digital Equipment, 1 1/4 lower at \$97 1/4, and Control Data, 1 1/4 off at \$28 1/4.

General Motors, under selling pressure this week, brightened by 3/4 to

\$68 1/4 after announcing it will build a new plant in Kansas. But at \$40 1/4, Ford lost \$1.

There was heavy trading in oil stocks again as the market assessed Atlantic Richfield's plan to restructure. At \$58 1/4 it added 3/4, while Mobil, another candidate for possible restructuring, gained 3/4 to \$30 1/4.

Brisk turnover saw Federal National Mortgage Association (Fannie Mae), 3/4 easier at \$15 1/4, in line with the price set for an issue of 7m common stock announced yesterday.

A block of 3.1m shares in City Investing was crossed through the third market at \$37 1/4 - down 3/4 on the overnight level. The unidentified seller was believed to be Sharon Steel.

Takeover stocks played a less active role. Unocal fell 3/4 to \$46 1/4 as the struggle with Mr. T. Boone Pickens continued.

In the credit markets, uncertainty over the policies of the Federal Reserve continued. Federal funds at 8 1/4 per cent remained at the high end of the recent range, and the Fed again helped liquidity with overnight system repurchases.

The bond market turned higher following publication of the economic data, but investors were unwilling to enter the market ahead of the Treasury's disclosure of funding requirements for the new quarter - believed to be a record of about \$20.5bn. The bond market has enjoyed a long holiday from Treasury funding pressures, and there is nervousness over its capacity to absorb the new flow, while uncertainty over the outlook for rates continues.

## LONDON

**Firmer tone  
overcomes  
early unease**

INITIAL UNEASE in London over Wall Street's performance on Monday showed clearly as blue chips were marked down early in the session.

The downward pressure was relatively light, however, and sales were readily absorbed. Subsequent selective purchases by institutional investors dispersed the uncertain mood.

Although volume was moderate, the tone continued to improve, helped by first reports of the latest CBI survey, and the FT Ordinary index ended 2.9 up at 971.4.

Early gains in gilt-edged stocks were pared by late profit-taking after an unexpected late recovery in the dollar.

Chief price changes, Page 30; Details, Page 31; Share information service, Pages 32-33

## HONG KONG

DEMAND for property issues dragged Hong Kong out of the past week's lethargy and left most stocks posting strong gains. The Hang Seng index rose 23.19 to 1,520.56.

Interest developed in Swire Pacific after the sale of Sutherland House in the central business district for a price above market expectations. The issue added 6 cents to HK\$24.00. In other property stocks, Hongkong Land put on 2 cents to \$5.70 and Sun Hung Kai Properties which reported lower 1984 profits was 80 cents ahead at HK\$11.20.

Elsewhere, China Light put on 20 cents to HK\$14.80, Jardine 30 cents to HK\$12 while Hongkong Bank remained unchanged at HK\$45.50.

## SINGAPORE

SELLING pressure continued in Singapore, and prices drifted lower throughout the day. The Straits Times industrial index lost 3.72 to 791.81.

Plantation issues remained firmer, however, on higher international prices for palm oil. Consolidated Plantations closed 10 cents higher at S\$3.10, and Sime Darby put on 3 cents to S\$1.94.

Cycle &amp; Carriage lost 6 cents to S\$3.82 on continued reaction to lower half-year results and Sangyong Cement, also with lower profits and dividend for 1984, was 3 cents lower at S\$1.84.

## SOUTH AFRICA

A HESITANT mood overcame Johannesburg, following a bomb blast in the headquarters of Anglo American, and most shares ended little changed.

Anglo American Corp, which put on 1 cent to R26.35, said it would reinstate the 14,400 black workers sacked at its Vaal Reefs mine; Vaal Reefs recovered half of Monday's losses to end up R4.25 at R18.8.

Platinums were narrowly mixed, with Rustenburg adding 1 cent to R17.10. Diamond share De Beers was also firmer at R10.32, up 7 cents.

## CANADA

TORONTO was broadly lower, taking its cue from Wall Street's performance.

Dome Petroleum was again active, gaining 5 cents to C\$3.35. The company has guaranteed its chairman a payment of C\$1.5m if he is fired or resigns following a takeover bid.

Golds were lower with Campbell Red Lake off C\$3 at C\$28 1/2 and Lac Minerals C\$3 lower at C\$35 1/4.

Industrials and utilities were lower in Montreal with banking issues showing slight gains.

## EUROPE

**Run-down to  
May Day  
takes toll**

THE run-down to today's May Day holiday took its toll on trading in European centres yesterday leaving most bourses little changed in quiet volume.

The weak overnight tone on Wall Street, where the Dow Jones industrial average posted its largest one-day retreat of the year, also proved an inhibition.

Some profit-taking in otherwise thin Frankfurt trading left the Commerzbank index down 4 at 1,226.1.

Chemicals proved a weak sector. Hoechst, due to announce full 1984 figures later in the week, fell DM 2.30 to DM 212.70. Bayer was DM 2 lower at DM 213.50 and BASF fell DM 3.20 to DM 202.50. Pharmaceutical Schering declined DM 2 to DM 445.

Siemens was another of the day's losers, down DM 6.60 at DM 533.40, while Markets in Amsterdam were closed for a public holiday.

AEG shed DM 2 to DM 109 and BBC fell DM 3 to DM 207.

In the high-technology sector, IWKA gave up DM 9 to DM 307. Nixdorf fell DM 9.40 to DM 581.10 and PKI was DM 4 easier at DM 620.

Among motor manufacturers, Daimler and BMW each dropped DM 4 to DM 675 and DM 359.50, respectively, while Porsche eased DM 9 to DM 1,188. Conversely, VW put on DM 2 to DM 206.50 on expectations of good results due later this week.

Steelmaker Hoesch shed DM 1.10 to DM 107.70 as it confirmed that it would not pay a dividend for 1984, despite the improvement in operating profits.

Bonds were little changed in quiet trading, with no lead being provided by the dollar, which improved after the sharp overnight fall. The Bundesbank sold DM 27.1m of paper after sales totalling DM 17.2m the previous day.

An easier trend was also seen in Brussels, although activity picked up after the announcement of a cut in interest rates for short-term Treasury bills and the rate on 4-month money market certificates - the *fonds des rentes*.

Interest-rate sensitive utilities did not follow the price declines, ending little changed. However, trading in the financial holding, Societe Generale de Belgique was more active after the interest rate announcement, and the stock fell Bfr 10 to Bfr 1,875.

Banque Bruxelles Lambert was unchanged at Bfr 1,900 after shareholders authorised the bank to increase its capital.

Among industrials, Petrofina was Bfr 10 lower at Bfr 6,800, while in chemicals, Solvay turned down Bfr 40 to Bfr 4,200 after posting rises over several sessions.

A mixed to lower performance was seen in Zurich. Among holding companies, Adia rose SwFr 145 to SwFr 2,925 with its record annual results above market expectations.

Nestlé was steady at SwFr 6,550. But among other food issues, Hero registered, traded for the first time on the pre-bourse, fluctuated between SwFr 350 and SwFr 610, before ending SwFr 75 higher on the day at SwFr 575. The registered stock has been introduced to fend off any foreign takeover.

Bonds were little changed in relatively small volume.

Paris drifted lower with few investors prepared to take new positions. Some demand was, however, seen for retail issues after their mark-down in the previous session. Printemps put on FFr 7 to FFr 232.

Meanwhile, the Treasury plans to tap the domestic credit markets with an issue of renewable bonds this week. The bonds, with six years to maturity, will be extendable at the holder's option after three years.

Stockholm was lower in very quiet trading with the mood soured by the planned strike by 20,000 civil servants which is scheduled to begin tomorrow. Volvo eased SKr 7 to SKr 284, Electrolux SKr 2 to SKr 317 and Ericsson SKr 8 to SKr 282.

Pharmacia was SKr 3 lower at SKr 192. It signed a letter of intent with China's pharmaceutical administration covering the transfer of research and manufacturing technology to modernise the Chinese drug industry.

Millan ended firmer, partly reflecting a positive response to the announcement of the sale of IRI's SME and Sidalm food business to Buitoni.

SME climbed L2 to L1,270, having been as high as L1,300 in early trading despite a 100 per cent cash deposit on transactions imposed by the Stock Exchange Commission on Monday to curb speculative pressure.

IBP, the industrial branch of Buitoni rose L150 to L6,400. Montedison was again in demand adding L43 to L1,823.

Madrid was also marginally ahead as the Government announced a series of economic measures which, it said, would ease tight monetary policies to stimulate economic growth.

But other blue chips were bearish, with Sony losing Y50 to Y4,370 and NEC Y20 to Y1,080.

Major construction issues firmed on speculation that the Government might increase public works spending, under heavy U.S. pressure to stimulate domestic demand in order to expand imports and whittle down Japan's huge trade surplus with the U.S.

Kajima Corp added Y5 to Y314, Taisei Corp Y2 to Y232 and Tobishima Corp Y7 to Y284.

Oil issues became popular, bolstered by the year's firmness against the dollar. Teikoku Oil, the fourth most active issue with 5.29m shares, spurred Y30 to Y810. Showa Shell Sekiyo gained Y27 to Y580 and Maruzen Oil Y12 to Y290.

Conversely, biotechnology-related issues lost strength on a broad front. Kirin Brewery came under strong profit-taking pressure, shedding Y8 to Y847. Green Cross lost Y120 to Y2,880. Many non-ferrous metals and banks also turned lower.

The bond market was slack with investors retreating due mainly to the overnight weakness of U.S. bond prices. The yield on the benchmark 7.3 per cent government bonds, maturing in December 1993, rose to 8.605 per cent from Saturday's 8.595 per cent.

There was concern over possible adverse effects of the U.S. Treasury Department's issue on the U.S. market of three-year, 10-year and 30-year government bonds worth \$18.5bn early next month.

Reuter adds: Japanese net buying of foreign bonds dipped to \$2.2bn in March from \$2.91bn in February, but net purchases in the year to March 31 were a record \$30.48bn, up from the previous record of \$13.69bn in 1983-84, the Japanese Finance Ministry said.

March buying fell to \$9.48bn from February's \$11.33bn, while selling dropped to \$7.26bn from \$8.42bn.

## TOKYO

**Lower trend  
after series  
of gains**

A LOWER trend was seen in Tokyo yesterday after successive increases during the previous four trading sessions, but trading was thin as a result of the current round of public holidays in Japan, writes Shigeo Nishiwaki of Jiji Press.

Investors were also discouraged by the New York stock market's biggest loss since the beginning of this year.

The Nikkei-Dow market average dropped 39.63 from last week's close to 12,426.28. Volume totalled only 243.56m shares compared with last Friday's 363.20m. Declines outnumbered gains by 386 to 318, with 168 issues unchanged.

Speculative funds flowed into some incentive-backed issues and blue chips in dull trading.

Nippon Yakin Kogyo attracted lively buying interest as a new materials-related issue, topping the active list with 24.15m shares changing hands and gaining Y24 to Y410.

Miyaji Iron Works, the second busiest stock with 8.28m shares traded, jumped Y45 to Y330.

Blue-chip precision instrument issues fared well. Minolta was traded briskly against the backdrop of a strong business performance and rose Y17 to Y878. It was the third most active stock with 7.02m shares. Shimadzu advanced Y19 to Y779, supported by small-lot foreign buying.

But other blue chips were bearish, with Sony losing Y50 to Y4,370 and NEC Y20 to Y1,080.

Major construction issues firmed on speculation that the Government might increase public works spending, under heavy U.S. pressure to stimulate domestic demand in order to expand imports and whittle down Japan's huge trade surplus with the U.S.

Kajima Corp added Y5 to Y314, Taisei Corp Y2 to Y232 and Tobishima Corp Y7 to Y284.

Oil issues became popular, bolstered by the year's firmness against the dollar. Teikoku Oil, the fourth most active issue with 5.29m shares, spurred Y30 to Y810. Showa Shell Sekiyo gained Y27 to Y580 and Maruzen Oil Y12 to Y290.

Conversely, biotechnology-related issues lost strength on a broad front. Kirin Brewery came under strong profit-taking pressure, shedding Y8 to Y847. Green Cross lost Y120 to Y2,880. Many non-ferrous metals and banks also turned lower.

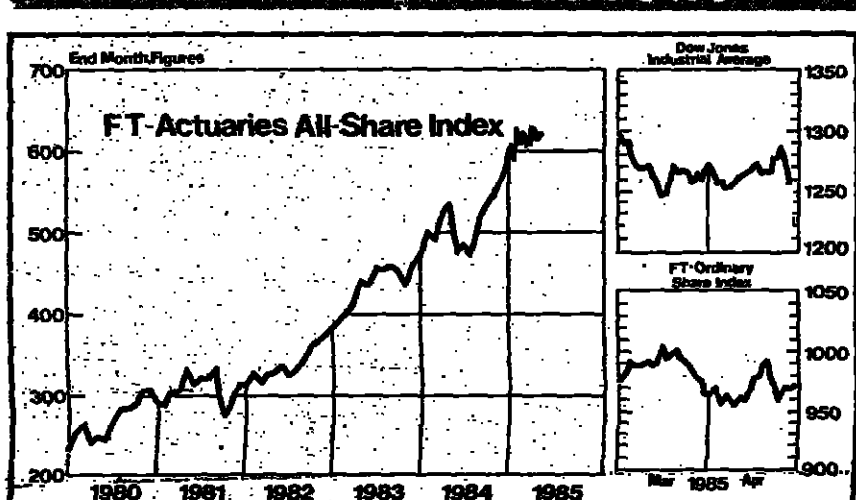
The bond market was slack with investors retreating due mainly to the overnight weakness of U.S. bond prices. The yield on the benchmark 7.3 per cent government bonds, maturing in December 1993, rose to 8.605 per cent from Saturday's 8.595 per cent.

There was concern over possible adverse effects of the U.S. Treasury Department's issue on the U.S. market of three-year, 10-year and 30-year government bonds worth \$18.5bn early next month.

Reuter adds: Japanese net buying of foreign bonds dipped to \$2.2bn in March from \$2.91bn in February, but net purchases in the year to March 31 were a record \$30.48bn, up from the previous record of \$13.69bn in 1983-84, the Japanese Finance Ministry said.

March buying fell to \$9.48bn from February's \$11.33bn, while selling dropped to \$7.26bn from \$8.42bn.

## KEY MARKET MONITORS



NEW YORK			
	April 30	Previous	Year ago
DJ Industrials	1,258.06	1,258.72	1,170.75
DJ Transport	573.74	578.39	496.91
DJ Utilities	153.62	154.19	125.00
S&P Composite	179.83	180.63	160.43

LONDON			
	April 30	Previous	Year ago
FT Ord	971.4	968.5	915.8
FT-SE 100	1,291.0	1,292.9	1,138.3
FT-A All-shares	622.11	622.24	534.74
FT-A 500	682.67	688.19	583.77
FT Gold mines	501.3	508.6	672.8
FT-A Long gilt	10.57	10.57	10.34

TOKYO			
	April 30	Previous	Year ago
Nikkei-Dow	12,426.28	12,426.28	10,981.8
Tokyo SE	967.28	969.86	861.11

AUSTRALIA			
	April 30	Previous	Year ago
All Ord.	875.2	868.7	756.0
Metals & Mins.	568.2	561.5	536.7

AUSTRIA			
	April 30	Previous	Year ago
Credit Aktien	81.28	79.73	55.18

BELGIUM			
	April 30	Previous	Year ago
Belgian SE	2,219.54	2,223.83	-

CANADA			
	April 30	Previous	Year ago
Toronto	2,017.1	2,029.0	2,085.0
Metals & Mins Composite	2,638.2	2,650.8	2,323.3

FRANCE			
	April 30	Previous	Year ago
CAC 40	215.4	215.4	178.2
Ind. Tendance	117.4	117.5	93.7

WEST GERMANY			
	April 30	Previous	Year ago
FAZ-Aktien	420.96	422.51	353.65
Commerzbank	1,228.1	1,230.1	1,032.1

HONG KONG			
	April 30	Previous	Year ago
Hang Seng	1,520.56	1,497.37	1,037.06

ITALY			
	April 30	Previous	Year ago
Banca Com.	281.51	279.38	215.80

NETHERLANDS			
	April 30	Previous	Year ago
ANP-CBS Gen	closed	210.5	180.4
ANP-CBS Ind	closed	169.9	127.9

NORWAY			
	April 30	Previous	Year ago
Oleo SE	325.69	326.06	288.86

SINGAPORE			
	April 30	Previous	Year ago
Straits Times	791.81	795.53	893.91

SOUTH AFRICA			
	April 30	Previous	Year ago
SE Golds	1,067.4	979.5	-
SE Industrials	850.4	865.8	-

SPAIN			
	April 30	Previous	Year ago
Madrid SE	108.02	108.72	82.77

SWEDEN			
	April 30	Previous	Year ago
J & P	1,441.06	1,445.05	1,510.15

SWITZERLAND			
	April 30	Previous	Year ago
Swiss Bank Ind	424.2	424.5	378.0

WORLD			
	April 30	Previous	Year ago
Capital Int'l	202.3	202.8	188.7

GOLD (per ounce)			
	April 30	Previous	Year ago
London	\$321.00	\$323.50	-
Zurich	\$321.00	\$323.25	-
Paris (futures)	\$325.07	\$322.34	-
Lucerne/Bourne	\$324.85	\$323.25	-
New York (June)	\$316.50	\$327.20	-

CURRENCIES			
	April 30	Previous	Year ago
U.S. DOLLAR	1.2426	1.2426	1.1707
STERLING	1.2426	1.2426	1.1707

INTEREST RATES			
	April 30	Previous	Year ago
3-month U.S. \$	8 1/4	8 1/4	8 1/4
6-month U.S. \$	8 1/4	8 1/4	8 1/4
12-month U.S. \$	8 1/4	8 1/4	8 1/4

U.S. BONDS			
	April 30	Previous	Year ago
FT London interbank fixing (offer rate)		10 1/8	10 1/2
3-month U.S.\$	8 1/4		8%
6-month U.S.\$	9%		9



© Financial Times Wednesday May 1 1985

**Continued on Page 2**



هكذا من العمل

**Continued on Page 30**

**Continued on Page 30**

[illegible]

*For details contact: Financial Times (Europe) Ltd.  
Gniollettstrasse 54,  
6000 Frankfurt/Main 1, West  
Tel: (069) 739880  
Telex: 416 193*



MARKET

**MARKET**  
**Select**

AMERICAN TRADING  
1974  
1973  
1972  
1971  
1970  
1969  
1968  
1967  
1966  
1965  
1964  
1963  
1962  
1961  
1960  
1959  
1958  
1957  
1956  
1955  
1954  
1953  
1952  
1951  
1950  
1949  
1948  
1947  
1946  
1945  
1944  
1943  
1942  
1941  
1940  
1939  
1938  
1937  
1936  
1935  
1934  
1933  
1932  
1931  
1930  
1929  
1928  
1927  
1926  
1925  
1924  
1923  
1922  
1921  
1920  
1919  
1918  
1917  
1916  
1915  
1914  
1913  
1912  
1911  
1910  
1909  
1908  
1907  
1906  
1905  
1904  
1903  
1902  
1901  
1900  
1899  
1898  
1897  
1896  
1895  
1894  
1893  
1892  
1891  
1890  
1889  
1888  
1887  
1886  
1885  
1884  
1883  
1882  
1881  
1880  
1879  
1878  
1877  
1876  
1875  
1874  
1873  
1872  
1871  
1870  
1869  
1868  
1867  
1866  
1865  
1864  
1863  
1862  
1861  
1860  
1859  
1858  
1857  
1856  
1855  
1854  
1853  
1852  
1851  
1850  
1849  
1848  
1847  
1846  
1845  
1844  
1843  
1842  
1841  
1840  
1839  
1838  
1837  
1836  
1835  
1834  
1833  
1832  
1831  
1830  
1829  
1828  
1827  
1826  
1825  
1824  
1823  
1822  
1821  
1820  
1819  
1818  
1817  
1816  
1815  
1814  
1813  
1812  
1811  
1810  
1809  
1808  
1807  
1806  
1805  
1804  
1803  
1802  
1801  
1800  
1799  
1798  
1797  
1796  
1795  
1794  
1793  
1792  
1791  
1790  
1789  
1788  
1787  
1786  
1785  
1784  
1783  
1782  
1781  
1780  
1779  
1778  
1777  
1776  
1775  
1774  
1773  
1772  
1771  
1770  
1769  
1768  
1767  
1766  
1765  
1764  
1763  
1762  
1761  
1760  
1759  
1758  
1757  
1756  
1755  
1754  
1753  
1752  
1751  
1750  
1749  
1748  
1747  
1746  
1745  
1744  
1743  
1742  
1741  
1740  
1739  
1738  
1737  
1736  
1735  
1734  
1733  
1732  
1731  
1730  
1729  
1728  
1727  
1726  
1725  
1724  
1723  
1722  
1721  
1720  
1719  
1718  
1717  
1716  
1715  
1714  
1713  
1712  
1711  
1710  
1709  
1708  
1707  
1706  
1705  
1704  
1703  
1702  
1701  
1700  
1699  
1698  
1697  
1696  
1695  
1694  
1693  
1692  
1691  
1690  
1689  
1688  
1687  
1686  
1685  
1684  
1683  
1682  
1681  
1680  
1679  
1678  
1677  
1676  
1675  
1674  
1673  
1672  
1671  
1670  
1669  
1668  
1667  
1666  
1665  
1664  
1663  
1662  
1661  
1660  
1659  
1658  
1657  
1656  
1655  
1654  
1653  
1652  
1651  
1650  
1649  
1648  
1647  
1646  
1645  
1644  
1643  
1642  
1641  
1640  
1639  
1638  
1637  
1636  
1635  
1634  
1633  
1632  
1631  
1630  
1629  
1628  
1627  
1626  
1625  
1624  
1623  
1622  
1621  
1620  
1619  
1618  
1617  
1616  
1615  
1614  
1613  
1612  
1611  
1610  
1609  
1608  
1607  
1606  
1605  
1604  
1603  
1602  
1601  
1600  
1599  
1598  
1597  
1596  
1595  
1594  
1593  
1592  
1591  
1590  
1589  
1588  
1587  
1586  
1585  
1584  
1583  
1582  
1581  
1580  
1579  
1578  
1577  
1576  
1575  
1574  
1573  
1572  
1571  
1570  
1569  
1568  
1567  
1566  
1565  
1564  
1563  
1562  
1561  
1560  
1559  
1558  
1557  
1556  
1555  
1554  
1553  
1552  
1551  
1550  
1549  
1548  
1547  
1546  
1545  
1544  
1543  
1542  
1541  
1540  
1539  
1538  
1537  
1536  
1535  
1534  
1533  
1532  
1531  
1530  
1529  
1528  
1527  
1526  
1525  
1524  
1523  
1522  
1521  
1520  
1519  
1518  
1517  
1516  
1515  
1514  
1513  
1512  
1511  
1510  
1509  
1508  
1507  
1506  
1505  
1504  
1503  
1502  
1501  
1500  
1499  
1498  
1497  
1496  
1495  
1494  
1493  
1492  
1491  
1490  
1489  
1488  
1487  
1486  
1485  
1484  
1483  
1482  
1481  
1480  
1479  
1478  
1477  
1476  
1475  
1474  
1473  
1472  
1471  
1470  
1469  
1468  
1467  
1466  
1465  
1464  
1463  
1462  
1461  
1460  
1459  
1458  
1457  
1456  
1455  
1454  
1453  
1452  
1451  
1450  
1449  
1448  
1447  
1446  
1445  
1444  
1443  
1442  
1441  
1440  
1439  
1438  
1437  
1436  
1435  
1434  
1433  
1432  
1431  
1430  
1429  
1428  
1427  
1426  
1425  
1424  
1423  
1422  
1421  
1420  
1419  
1418  
1417  
1416  
1415  
1414  
1413  
1412  
1411  
1410  
1409  
1408  
1407  
1406  
1405  
1404  
1403  
1402  
1401  
1400  
1399  
1398  
1397  
1396  
1395  
1394  
1393  
1392  
1391  
1390  
1389  
1388  
1387  
1386  
1385  
1384  
1383  
1382  
1381  
1380  
1379  
1378  
1377  
1376  
1375  
1374  
1373  
1372  
1371  
1370  
1369  
1368  
1367  
1366  
1365  
1364  
1363  
1362  
1361  
1360  
1359  
1358  
1357  
1356  
1355  
1354  
1353  
1352  
1351  
1350  
1349  
1348  
1347  
1346  
1345  
1344  
1343  
1342  
1341  
1340  
1339  
1338  
1337  
1336  
1335  
1334  
1333  
1332  
1331  
1330  
1329  
1328  
1327  
1326  
1325  
1324  
1323  
1322  
1321  
1320  
1319  
1318  
1317  
1316  
1315  
1314  
1313  
1312  
1311  
1310  
1309  
1308  
1307  
1306  
1305  
1304  
1303  
1302  
1301  
1300  
1299  
1298  
1297  
12

**Continued on Page 38**











**MINES—Continued**

[illegible]

<b>IRISH STOCKS</b>	
Original and Irish stocks, the latter based on Irish currency.	
Amount	179
CPI Hdp.	50
Carroll Index	117 +2
Nelson Index	56
Nat'l (W.R.)	26
Hedden Hdq.	18
Ireland (W.R.)	71
Unshare	85

<b>3-month call rates</b>	
Turner Newall	100
17% Unshare	100
Unshare	100
Property	100
Bri Land	100
Cap Comities	100
Land Secs	100
GEPC	100
Peachey	100
Sammel Props	100
Oil	100
Brist. Oil & Min	100
Brit Petroleum	100

Al	50	Charterhall	
Br	36	Premier	
Cr	17	Shell	
Elect	26	Tricentral	
nick	33	Ultramar	
Ord Ind	32		
total	50		
	1	Willes	
	20	Cons Gold	
	20	Lomira	
ENI	35	Rio T Zinc	
others	13		

Prices traded is given on the Exchange Report page.

**" and "Rights" Page 31**

In every company dealt in on United Kingdom for a fee of £5 for each security.

9	Gold	85	71	20	Cons Gold
1	Uranium	10	10	20	Uranium
0	Grand Nat.	25	Tesco	20	Lonrho
6	GUS "A"	60	Thorn EMI	15	Rio Zinc
6	Guardian	64	Trust Houses	15	

A selection of options traded is given on the London Stock Exchange Report page.

**"Recent Issues" and "Rights" Page 31**

This service is available to every Company dealt in on Exchanges throughout the United Kingdom for a fee of £5 annum for each security.

9	Gold	85	71	20	Cons Gold
1	Uranium	10	10	20	Uranium
0	Grand Nat.	25	Tesco	20	Lonrho
6	GUS "A"	60	Thorn EMI	15	Rio Zinc
6	Guardian	64	Trust Houses	15	

A selection of options traded is given on the London Stock Exchange Report page.

**"Recent Issues" and "Rights" Page 31**

This service is available to every Company dealt in on Exchanges throughout the United Kingdom for a fee of £5 annum for each security.



<b>Britannia Group—Continued</b> <b>Sector Specialist Funds</b>			
Commodity Shares	133.5	154.1	+0.9 244
Financial Svc.	45.4	37.8	+0.4 214
Gold & General	24.4	26.3	+0.3 300
Int'l Income Mkt.	17.2	17.0	+0.2
Prop. Shares	30.6	43.5	+0.1 193

	1	2	3	4
9				
10				11
12				
14			15	16
19				
22	23			24
27				
29				

blunt (7)  
 9 American in a plot made  
*insulting speech* (8)  
 15 Jealous, takes an instrument  
 from the inexperienced  
 chap (9)  
 17 Staff change mind in middle  
 of game (8)  
 18 Dora craftily changed speed  
 before reckless ruffian (9)  
 19 Caught holding Rover's tail,  
 which is cut short (7)  
 21 Use switches in the last part  
 followed (6)  
 23 Collides with the fathead,  
 poor soul! (5)  
 24 Ron's resolution appears in  
 the Spanish register (3)

James Finlay Unit Trust Mngt. Ltd.			
10-14, West Nile Street, Glasgow		041-204 1321	
J Finlay Interest I	64.3	69.1nd	1.24
Accum Unvts	87.1	88.2nd	1.24
J Finlay High Income	54.3	58.4	7.30
Finlay Wld Energy	17.1	18.4	2.09
	17.1	25.4	3.09

I.B.I. Fund Managers Ltd. (a)				
32 Queen Anne's Gate, London SW1H 9AB. 01 222 1000				
IBI Brit. & Dev.	195 3	101 44	-0 91	2 00
IBI High Inc.	47 8	50 44		10 10
IBI Security Gld.	51 3	54 04		3 60

Perpetual Unit Trust Mngmt. (a) (2)				T
18, Mari Street, Henley on Thames.		0493	576868	M
Growth	175.1	186.0	-1.1	1.49
Income	132.2	141.8	-0.3	5.52
Worldwide Recovery	103.1	110.7		2.10
American Growth	56.6	60.8	-1.2	0.68

Monke, Remnant Unit Trust Wngt, Ltd.				
Termaad Hse, 2 Puddle Dock, EC4				
			01-248 1250	
R American Growth	25.6	27.6	-0.3	0.38
R Global Tech	29.6	31.5	-0.5	0.10
R Income Growth	33.6	40.9	-0.2	3.17
R Venture Growth	37.7	40.2	-0.2	7.70

Money Fund	371.3	352.4	-0.1
Managed Fund	334.7	333.7	-0.1
Energy Fund	184.0	193.7	+0.5
Fixed Interest Fund	126.7	133.4	+0.3
or East Fund	246.7	254.9	-0.1
North American Fund	170.4	179.4	-0.3
South American Fund	137.0	144.3	-1.4
U.S. Resources Fund	99.8	105.1	-1.3
U.S. Play Fund	99.8	105.1	-1.3
World Managed Fund	306.6	308.8	-0.9

NYC Company's	107.2	110.0
in Pico	102.4	107.9
and Pico	100.5	105.9
and Int. Dep.	101.7	107.1
and Int. Dep.	128.9	135.0
and Int. Dep.	121.1	127.0

For other prices please telephone 0942 31971

[illegible]

**ACROSS**  
1 Repairs to inn meant street diversions (14)

- |    |    |   |    |    |
|----|----|---|----|----|
|    | 1  | 2 | 3  | 4  |
| 9  |    |   |    |    |
| 10 |    |   |    | 11 |
|    |    |   |    |    |
| 12 |    |   |    |    |
|    |    |   |    |    |
|    |    |   | 15 | 16 |
| 14 |    |   |    |    |
|    |    |   |    |    |
| 19 |    |   |    |    |
|    |    |   |    |    |
| 22 | 23 |   |    | 24 |
|    |    |   |    |    |
| 27 |    |   |    |    |
|    |    |   |    |    |
| 29 |    |   |    |    |
- blunt (7)  
 9 American in a plot made  
*insulting speech* (6)  
 15 Jealous, takes an instrumen-  
 t from the inexperienced  
 chap (9)  
 17 Staff change mind in middle  
 of game (9)  
 18 Dora craftily changed speed  
 before reckless ruffian (9)  
 19 Caught holding Rover's tail,  
 which is cut short (7)  
 21 Use switches in the last part  
 followed (6)  
 23 Collides with the fathead,  
 poor soul! (5)  
 24 Ron's resolution appears in  
 the Spanish register (3)

S	E	L	V	E	Z	A	G	E		8					
H	P	I			H	A	I			9					
P	U	L	S	A	T	E	R	E	S	T	I	V	E		0
T	I	A	S	A	H	E									6

[illegible]

**A Friendly Society**  
Investment Mngt M & G Inv Mngt L  
Box 93, Cardiff CF1 4NW.  
Forthright, Fr April 1, 1991

[illegible]

Man Fd	322.3	334.9
Pen Fd Acc	169.4	178.1
m Pn Fd Acc	152.9	160.4
erty	272.3	286.1
ag Inv Perm Acc	683.9	719.4

[illegible]

Property Fund	48.3	51.5	...	—
Managed Fund	145.8	154.9	...	—
Managed Fund	114.3	120.4	...	—

[illegible]

Security	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402</
----------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	--------

[illegible]



[illegible][illegible]







FOREIGN EXCHANGES

Dollar weak in volatile trading

The dollar lost ground in currency markets yesterday but finished above the day's lows as higher U.S. interest rates offset disappointing economic data. Trading tended to be rather volatile and unsettled ahead of the month-end and May day holidays in several financial centres. U.S. trade figures were around market expectations, while a 0.3 per cent fall in leading economic indicators was somewhat below market expectations.

However, a firmer Federal funds rate and fears concerning the latest Federal refunding package were sufficient to push the dollar up from a low of DM 3.5285 to DM 3.5310, a rise of 0.0025, from Monday level of DM 3.5110. Elsewhere it finished easier at SwFr 2.5975 from SwFr 2.6115 and ¥259.50 compared with ¥259.45. Against the French franc it slipped to FF 9.44 from FF 9.45. The dollar's exchange

rate index fell from 147.3 to 146.8, a fall of 0.5 points. Sterling traded against the dollar in 1985 at 1.2940 to 1.2935. March average 1.2940. Exchange rate index 78.1 up from 77.6 on Monday but down from a high of 78.3. The six months rate was 78.5, a fall of 0.1 point from the dollar's decline and rose to a best level of \$1.2500 before finishing at \$1.2520 on Monday. It was a rise of 1.2500 from Monday. It was

also higher against the Deutschmark at DM 3.5325 from DM 3.5300 and ¥312.75 from ¥311.00. Against the Swiss franc it improved to SwFr 2.5900 from SwFr 2.5915 and FF 9.44 from FF 9.45. The dollar finished above the day's lows in nervous trading, despite an unexpected fall in U.S. March leading indicators. The dollar's recovery was based on previous market expectations of a disappointing figure, and renewed buying at around DM 3.07 helped the U.S. unit to recover. It finished at DM 3.0930

STERLING INDEX

	April 30	Previous
8.30 am	77.0	77.0
9.00 am	77.1	77.1
10.00 am	77.0	77.0
11.00 am	77.0	77.0
Noon	77.0	77.0
1.00 pm	77.0	77.0
2.00 pm	77.0	77.0
3.00 pm	77.0	77.0
4.00 pm	77.0	77.0

£ IN NEW YORK

	April 30	Prev. close
£ Spot	81.2585 1.2400 81.2455 1.2475	
1 month	81.2585 1.2400 81.2455 1.2475	
3 months	81.2585 1.2400 81.2455 1.2475	
6 months	81.2585 1.2400 81.2455 1.2475	
12 months	81.2585 1.2400 81.2455 1.2475	

FINANCIAL FUTURES

Eurodollars firm

Trading on the London International Financial Futures market was heavily influenced by U.S. statistics yesterday. The March trade deficit of \$11.05bn was in line with expectations, and the market was also not surprised by a fall of 0.9 per cent in March factory orders, but there was a sharp reaction to the fall of 0.2 per cent in leading indicators. These were expected to be up by about 0.7 per cent, although forecasts had been revised down to about 0.5 per cent shortly before the figure was announced.

June Eurodollars opened weaker at 90.86, and according to dealers broke through resistance levels to a low of 90.85, but there were no heavy sellers in the market. This reflected changing forecasts for the leading indicators figure, and expectations of a reduction in U.S. interest rates in the short term.

LONDON

	Close	High	Low	Prev
THREE-MONTH EURO-DOLLAR \$1m	90.86	90.86	90.85	90.86
6-MONTH EURO-DOLLAR \$1m	90.86	90.86	90.85	90.86
12-MONTH EURO-DOLLAR \$1m	90.86	90.86	90.85	90.86

CHICAGO

	Close	High	Low	Prev
U.S. TREASURY BONDS (CBT) 8 1/4	100.00	100.00	99.99	100.00
10-YEAR 100% GILT	100.00	100.00	99.99	100.00

POUND SPOT-FORWARD AGAINST POUND

	April 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2510-1.2500	1.2500-1.2500	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
Canada	1.0000-1.0000	1.0000-1.0000	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
Germany	1.0000-1.0000	1.0000-1.0000	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
France	1.0000-1.0000	1.0000-1.0000	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
Italy	1.0000-1.0000	1.0000-1.0000	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
Spain	1.0000-1.0000	1.0000-1.0000	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
Belgium	1.0000-1.0000	1.0000-1.0000	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
Netherlands	1.0000-1.0000	1.0000-1.0000	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
Denmark	1.0000-1.0000	1.0000-1.0000	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
Sweden	1.0000-1.0000	1.0000-1.0000	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
Finland	1.0000-1.0000	1.0000-1.0000	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
Japan	1.0000-1.0000	1.0000-1.0000	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
Australia	1.0000-1.0000	1.0000-1.0000	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
South Africa	1.0000-1.0000	1.0000-1.0000	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
U.A.E. Dirham	1.0000-1.0000	1.0000-1.0000	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	

DOLLAR SPOT-FORWARD AGAINST DOLLAR

	April 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2510-1.2500	1.2500-1.2500	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
Canada	1.0000-1.0000	1.0000-1.0000	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
Germany	1.0000-1.0000	1.0000-1.0000	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
France	1.0000-1.0000	1.0000-1.0000	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
Italy	1.0000-1.0000	1.0000-1.0000	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
Spain	1.0000-1.0000	1.0000-1.0000	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
Belgium	1.0000-1.0000	1.0000-1.0000	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
Netherlands	1.0000-1.0000	1.0000-1.0000	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
Denmark	1.0000-1.0000	1.0000-1.0000	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
Sweden	1.0000-1.0000	1.0000-1.0000	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
Finland	1.0000-1.0000	1.0000-1.0000	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
Japan	1.0000-1.0000	1.0000-1.0000	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
Australia	1.0000-1.0000	1.0000-1.0000	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
South Africa	1.0000-1.0000	1.0000-1.0000	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
U.A.E. Dirham	1.0000-1.0000	1.0000-1.0000	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	

OTHER CURRENCIES

	Apr. 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Argentina Peso	558.54-558.53	443.81-444.81	28.90-27.10				
Australia Dollar	1.2510-1.2500	1.2500-1.2500	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
British Columbia	1.2510-1.2500	1.2500-1.2500	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
Canadian Dollar	1.2510-1.2500	1.2500-1.2500	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
Deutsche Mark	1.2510-1.2500	1.2500-1.2500	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
French Franc	1.2510-1.2500	1.2500-1.2500	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
Italian Lira	1.2510-1.2500	1.2500-1.2500	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
Japanese Yen	1.2510-1.2500	1.2500-1.2500	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
South African Rand	1.2510-1.2500	1.2500-1.2500	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
Swedish Krona	1.2510-1.2500	1.2500-1.2500	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
Swiss Franc	1.2510-1.2500	1.2500-1.2500	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
U.S. Dollar	1.2510-1.2500	1.2500-1.2500	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
U.A.E. Dirham	1.2510-1.2500	1.2500-1.2500	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	

CURRENCY MOVEMENTS

	Apr. 29	Bank of England	Change %
sterling	78.1	-11.5	
U.S. dollar	146.8	-0.5	
Canadian dollar	112.5	-0.5	
Deutsche mark	112.5	-0.5	
French franc	112.5	-0.5	
Italian lira	112.5	-0.5	
Japanese yen	112.5	-0.5	
South African rand	112.5	-0.5	
Swedish krona	112.5	-0.5	
Swiss franc	112.5	-0.5	
U.S. dollar	112.5	-0.5	
U.A.E. dirham	112.5	-0.5	

CURRENCY RATES

	Apr. 30	Bank of England	Change %
sterling	78.1	-11.5	
U.S. dollar	146.8	-0.5	
Canadian dollar	112.5	-0.5	
Deutsche mark	112.5	-0.5	
French franc	112.5	-0.5	
Italian lira	112.5	-0.5	
Japanese yen	112.5	-0.5	
South African rand	112.5	-0.5	
Swedish krona	112.5	-0.5	
Swiss franc	112.5	-0.5	
U.S. dollar	112.5	-0.5	
U.A.E. dirham	112.5	-0.5	

EXCHANGE CROSS RATES

	Apr. 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Pound sterling	1.2510-1.2500	1.2500-1.2500	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
U.S. dollar	1.2510-1.2500	1.2500-1.2500	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
Deutsche mark	1.2510-1.2500	1.2500-1.2500	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
French franc	1.2510-1.2500	1.2500-1.2500	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
Italian lira	1.2510-1.2500	1.2500-1.2500	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
Japanese yen	1.2510-1.2500	1.2500-1.2500	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
South African rand	1.2510-1.2500	1.2500-1.2500	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
Swedish krona	1.2510-1.2500	1.2500-1.2500	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
Swiss franc	1.2510-1.2500	1.2500-1.2500	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
U.S. dollar	1.2510-1.2500	1.2500-1.2500	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	
U.A.E. dirham	1.2510-1.2500	1.2500-1.2500	0.47-0.48 pm	4.39	1.18-1.19pm	2.72	

EURO-CURRENCY INTEREST RATES (Market closing rates)

	Apr. 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Short-term	12.12	12.12	12.12	12.12	12.12	12.12	12.12
7 days notice	12.12	12.12	12.12	12.12	12.12	12.12	12.12
1 month	12.12	12.12	12.12	12.12	12.12	12.12	12.12
3 months	12.12	12.12	12.12	12.12	12.12	12.12	12.12
6 months	12.12	12.12	12.12	12.12	12.12	12.12	12.12
1 year	12.12	12.12	12.12	12.12	12.12	12.12	12.12

MONEY MARKETS

Interest rates showed little change in quiet trading on the London money market yesterday. The Bank of England's base rate was unchanged at 12 per cent. The market is still hoping for a 12 per cent base rate, but does not anticipate any change in the near future. Three-month interbank bills finished unchanged at 12.12 per cent, and buying rates for three-month eligible bills were 12.12 per cent compared with 12.12 per cent previously.

The Bank of England forecast a money market shortage of £1,000m, but revised this to £1,500m in the afternoon. Total help provided by the authorities was £1,500m.

In an early round of assistance the Bank of England bought \$516m bills, including \$348m bank bills in band 1 (up to 14 days maturity) at 12.12 per cent; \$168m Treasury bills in band 2 (15-30 days) at 12.12 per cent; \$20m local authority bills in band 2 at 12.12 per cent; and \$20m bank bills in band 2 at 12.12 per cent.

Another \$200m bills were purchased for resale to the market on May 29 at 12.12 per cent. Further help of \$577m was given before lunch, including \$311m outright, through \$251m bank bills in band 3 at 12.12 per cent; \$15m bank bills in band 3 at 12.12 per cent; and \$20m bank bills in band 4 at 12.12 per cent. Another \$500m bills were purchased for resale to the market.

market, in equal amounts on May 21 and May 29 at 12.12 per cent. In the afternoon \$77m bills were bought outright, by way of \$44m bank bills in band 2 at 12.12 per cent; \$11m bank bills in band 3 at 12.12 per cent; \$11m local authority bills in band 4 at 12.12 per cent; and \$11m bank bills in band 4 at 12.12 per cent. The rate for month money applicable to the temporary facilities was 12.12 per cent.

and a take-up of Treasury bills amounting to £1,000m, with the unwinding of repurchase agreements on bills absorbing £1,000m. These outwashed exchequer transactions adding to the circulation of \$50m; and a net gain to the market of \$200m from the roll over of yesterday's gilt technique. The rate for month money applicable to the temporary facilities was 12.12 per cent.

FT LONDON INTERBANK FIXING

	11.00 a.m. (April 30)
Three months U.S. dollars	12.12
6 months U.S. dollars	12.12
1 year U.S. dollars	12.12

DISCOUNT HOUSES DEPOSIT AND BILL RATES

	Apr. 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Overnight	12.12	12.12	12.12	12.12	12.12	12.12	12.12
7 days notice	12.12	12.12	12.12	12.12	12.12	12.12	12.12
1 month	12.12	12.12	12.12	12.12	12.12	12.12	12.12
3 months	12.12	12.12	12.12	12.12	12.12	12.12	12.12
6 months	12.12	12.12	12.12	12.12	12.12	12.12	12.12
1 year	12.12	12.12	12.12	12.12	12.12	12.12	12.12

MONEY RATES

	Apr. 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Overnight	12.12	12.12	12.12	12.12	12.12	12.12	12.12
7 days notice	12.12	12.12	12.12	12.12	12.12	12.12	12.12
1 month	12.12	12.12	12.12	12.12	12.12	12.12	12.12
3 months	12.12	12.12	12.12	12.12	12.12	12.12	12.12
6 months	12.12	12.12	12.12	12.12	12.12	12.12	12.12
1 year	12.12	12.12	12.12	12.12	12.12	12.12	12.12

MONEY RATES

	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	T
	—	—	—	
	—	—	—	
	—	—	—	
	12 1/2	12 1/2	12 1/2	
	12 1/2	12 1/2	12 1/2	
	12 1/2	12 1/2	12 1/2	
	—	—	—	
	—	—	—	
	—	—	—	







## FINANCIAL TIMES SURVEY

## Software Packages for Business

Software packages, which are computer programs general enough to suit many business users, are the fastest growing sector of an expanding industry. Economies of scale are behind the success

## Growth pains biting

By Alan Cane

THE WORLD-WIDE market for computer software packages costing under \$1,000 was worth precisely nothing five years ago. Last year, its value had increased to \$562m and Infocorp, a California-based marketing consultancy, is predicting it will be worth \$4.2bn by 1989.

Other experts make similar predictions. London-based IDC Europe estimated the microcomputer package software market at \$498m for West Europe alone in 1983, and believes it will grow to \$5.2bn by 1989.

It says: "Microcomputer packaged software is the fastest growing segment of the packaged software market which itself is the fastest growing segment of the software and services industry."

Packaged software is a generalised computer program or suite of programs, designed to carry out a specific task for a number of users—provided they are prepared to modify their business activities to suit the package and not vice versa. The costs of developing and marketing are thus shared between a number of users.

The importance and potential of this method of developing and marketing software has been recognised by most of the major software houses for many years now. Management Science America (MSA), the world's largest independent software supplier, grew to reach revenues exceeding \$130m in 1984 through sales of business applications packages—accounting,

payroll and so on—designed to run on mainframe computers.

The approach was—and is—uncompromising. Packages, it argues, were meant to be installed without modification to preserve economies of scale.

Other companies have been less fastidious. BIS, for example, which wrote and markets one of the few internationally successful UK packages, the Midas banking suite, cheerfully tailored each package to suit the customer's requirements. The work typically took less than three months, and compares with a year or more for a system written from scratch.

The economics of software production have inexorably driven the industry towards packaged solutions.

## Advanced

Creating software from scratch is expensive; for many potential computer users, it is impossible. And there is no sign that bespoke, or specially tailored, software will get cheaper in the foreseeable future.

Programmers are expensive and in short supply. Their productivity—or lack of it—is a continual source of anxiety to hard-pressed data processing managers trying to clear their backlog of requests for new applications.

Progress towards computer systems which write their own programs is also slow, although a number of installations are making headway with so-called fourth generation languages (GLs)—programs which make it simpler for professional programmers to write software efficiently.

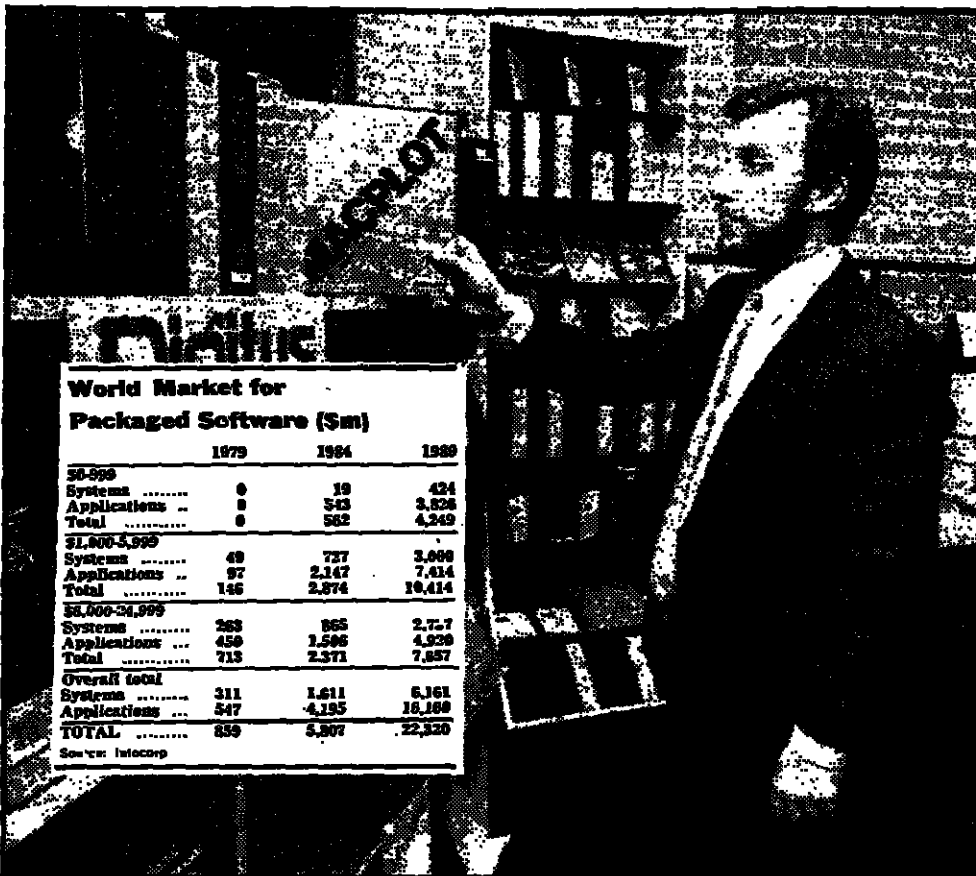
A recent survey of 622 computer installations in the UK by Inbucon Management Consultants revealed, however, that just over a quarter were using these advanced software development aids. Of the rest, almost 70 per cent used packaged software.

The economies are inescapable. A piece of bespoke software can easily cost from \$50,000 to \$500,000 to write. Packaged and marketed to multiple users, the cost to each comes down to a few thousand dollars. At the micro end of the market, where thousands of copies may be sold, the price comes down even more dramatically.

Experienced data processing professionals are frequently shaken these days to find that an application software package, for which they would have paid thousands of dollars only a few years ago to run on their mainframes, now costs only a few hundred dollars packaged to run on a micro.

The advent of the microcomputer in the late 1970s provided a major fillip to the packaged software industry; the corporate best sellers list compiled by the authoritative U.S. publication *Software News* features companies that were scarcely in existence before 1980.

There is Lotus Development, for example (revenues last year \$157m), which has achieved spectacular success with its integrated package 1-2-3, combining spreadsheet, database management and graphics; or Ashton-Tate which markets dBase II, perhaps the best known of all the database management micro packages.



Software packages on display at Digitus Consultants in London's Covent Garden

Of the top 25 package vendors listed by *Software News* in January this year, only one, IBM, has a track record extending back before the micro revolution.

But there are fears that the meteoric growth of many of these companies will falter and tail away. IDC's figures suggest that IBM has overtaken the traditional micro vendors to become the largest hardware vendor selling microsoftware.

It has recently announced its own proprietary Business Management Series of micro software and there is every reason to believe it will maintain and increase its market share.

In one of the regular fluctuations to be expected in what is a very volatile market, retail sales of packaged software for micros in the U.S. appear to be

declining. Infocorp's retail sales index, set at 100 in November 1984, was only 84 in terms of units sold and 53 in terms of value of sales by January 1985, an indication that a previous surge in purchasing has come to an end.

Sales of 15 titles accounted for 54 per cent of the market and 17 publishers accounted for 70 per cent of unit sales.

It is a market characterised by a small number of successful products; the high cost of entry is now effectively deterring new competition. Huge promotional efforts are needed if a new product is to be differentiated from its competitors. To package a program professionally can cost over \$20,000. A major advertising campaign can cost \$5m.

End user computing drives the micro software market, IDC says. "This puts purchasing power into the hands of the end user, and marketing into the realm of targeting small businesses and departments of larger organisations."

"The principal consequences of this trend is that mass marketing techniques are required for micro software. This means advertising in non-trade media and mass distribution; selling and retailing techniques that have more in common with the pop record industry than with data processing."

Software vendors are becoming familiar with a business that spends upward while a package feeds on its own success and plummets downwards if it fails to meet its design criteria or collects poor reviews. And just as there are predictions that only a handful of

companies will be left in the microcomputer hardware business in a few years (with IBM the only certainty to stay the course) so the view is growing that only a handful of micro software companies will be left after the shakeout. MSA, for example, is returning to its traditional mainframe package business after a disastrous experiment with retailing micro software.

And there are worries about the failure of even the more innovative software houses to develop full product families. Personal computer users, for example, seem to need chiefly four principal applications—spreadsheets, exemplified by Visicalc from VisiCorp, database management—dBase II from Ashton-Tate, for example; word processing, of which the best known is WordStar from Micropro; and graphics represented by Chartmaster from Decision Resources.

## Maturing

Then there are the integrated packages which collect together a series of applications sharing the same information on the same floppy disk, like 1-2-3.

Lotus, however, has not managed to repeat the success of 1-2-3 with Symphony, a much more sophisticated integrated offering, and is now some months late with Jazz, an integrated package for the innovative Apple Macintosh which should have smoothed Apple's path into the business computing world.

The mighty Microsoft, first microsoftware company to break \$100m in revenues, has still to release Windows, a package which makes it possible to divide the video screen into a number of working sections.

IBM has not had great reviews for its own "windowing" product, Topview, and Ashton-Tate's offering in integrated software, Framework, is not repeating the acclaim of dBase II.

The general conclusion is that the microsoftware business is maturing and stabilising, although not without serious growing pains. The announcement last month that Lotus Development had merged with Software Arts, the company which developed Visicalc, may

## CONTENTS

Integrated software	2
Mainframes	3
Database	4
Accountancy	5
Legal	6
Communications	7
Word processing	8
Financial planning	9
Graphics	10
CAD/CAM	11
Personnel	12
Personal computer users	13
Expert systems	14

point to a trend towards a smaller number of larger, more stable companies with a better balanced portfolio of products.

It also has an agreement with Cullinet, a database specialist, to develop micro-to-mainframe software. IBM has, for some months been operating a scheme where it repackages and markets the best software from independent vendors.

The packaged software market for multi-user systems, that means mainframes and minis, is a world apart.

In Western Europe, for example, in 1983 IBM had revenues of \$649.3, representing 38.7 per cent of the total market. In second place was ICL of the UK with 4.6 per cent, and in third place Siemens of West Germany with 4.4 per cent.

Among the independent vendors, Cincom came top with revenues of \$26m and a market share of 3.3 per cent, followed by Computer Associates and ADR, all of the U.S. In fourth place came Sema of France with 1.8 per cent of the market.

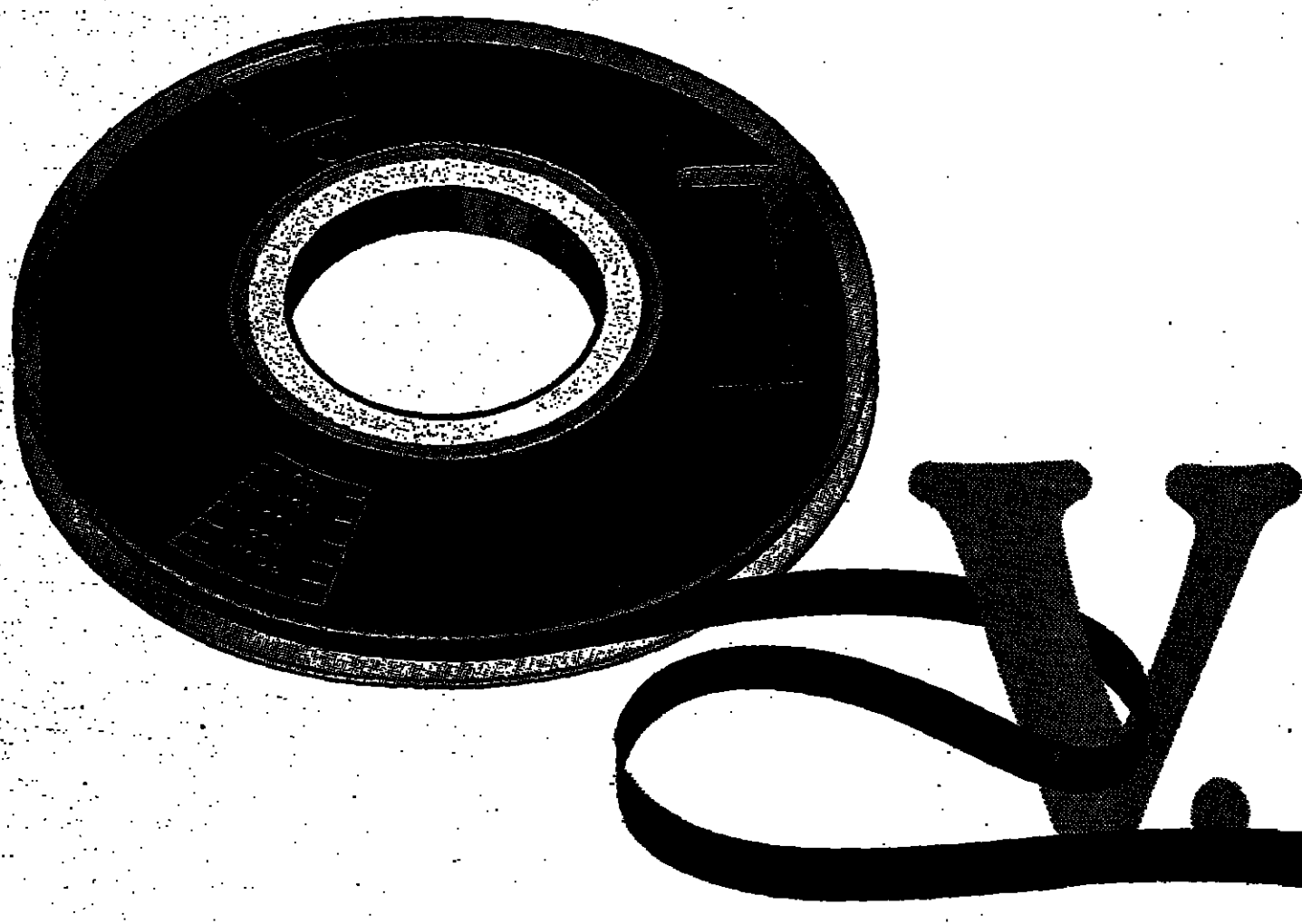
Consultants suggest that the balance between spending on hardware, custom software, and packaged software, which was 87:17:15 in 1983, will shift by 1989 to 57:17:26.

So the packaged software business seems certain to gain ground in a steady and predictable fashion at the upper end of the market and in a less predictable fashion at the micro end.

What is certain is that IBM will be there at every level. "When you think software, think IBM" was the message it was pushing at a recent large U.S. software exhibition.

**MSA**  
The Software Company

**WE ADD  
THE GENIUS  
TO COMPUTERS.**



It took the genius of MSA to turn a blank reel of computer tape into a \$100,000,000 award, and it's this same genius that has made MSA the largest independent applications software company in the world. A position which we intend to maintain by continuously developing, testing and refining our mainframe software packages.

Since the 1960s, we've grown as quickly as the computer itself, and already we've installed well over 10,000 mainframe software packages worldwide. In fact, MSA has become a model for solid growth in an industry that is vast, and still expanding. We don't just think high-tech; we make high-tech work for you. To improve the efficiency and profitability of your business, we provide a steady stream of technologically advanced soft-

ware products that cover the entire spectrum of applications. At MSA, we don't just talk about state-of-the-art; we deliver it! Our skills are unmatched in the computer industry, but just as importantly, we have the applications expertise to fully appreciate the unique demands of your business.

If you are currently assessing mainframe applications packages, you will undoubtedly find our Software Evaluation Handbook helpful. To obtain your copy, or for more information on specific MSA packages, simply complete the coupon, or ring Barbara Carpenter right now, on (0628) 39242.

Please send me further information on MSA's software ☐  
Please send me a copy of the Software Evaluation Handbook ☐

Name \_\_\_\_\_  
Position \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_



## Software Packages 2

## Applications put on the rack

Integrated  
ERIC BAGSHAW

INTEGRATED PACKAGES are to applications software what rack-mounted stereo systems are to hi-fi.

In hi-fi's early days the enthusiast was forced to buy components from a wide variety of sources and manufacturers, as companies often had only a single type of product such as amplifiers. This disparate collection of devices had to be assembled and integrated by the purchaser into a working whole—a process requiring some skill and usually proficiency with a soldering iron.

Now anyone can walk into a high street store and purchase a "rack system" of electronically and aesthetically matched components that can be taken home and plugged in. This same progression has been seen with software.

The best-selling packages of a few years ago in each of the major areas, wordprocessing, database, spreadsheet and business graphics were from different sources. Although interchange of data was possible it was cumbersome and for the novice, a fraught process.

Changing from one application to another was a process taking many seconds, if not minutes. The operational methods, documentation and appearance to the user also reflected the varying authors' and manufacturers' standards.

Integrated packages have been promoted as the solution to these problems. They are a number of applications grouped in a single package. They are a relatively recent arrival on the computer software market place, and few are more than 18 months old.

The first system in the now familiar mold was Open Access, closely followed by Symphony, Framework and Smart.

All integrated packages cover the "big four" applications of database, wordprocessing, spreadsheet and business graphics and many have other strings to this collective bow—especially in communications, on-screen calculators and diary options.

For an application area to be successful it must have some potential benefits to offer the potential purchaser. These found with integrated packages are:

**Easy Data Interchange.** One of the most persuasive reasons for selecting an integrated package is the ease with which data from one application can be interchanged and incorporated into another area. This can allow selected information to be passed from, say, the database to the spreadsheet for "what if?" analysis and then the results sent to the graphic module for plotting.

**Easy Application Interchange.** Many junior staff may be occupied by a single application package for most of their time, such as wordprocessing. In contrast, a manager or executive will often use a wide range of applications for short periods of time and require swift interchange.

## Style

**Common Face.** An integrated package can make a great contribution to a computer system's ease of use. A group of packages from different manufacturers will almost always exhibit widely different command structures. To move the cursor up, the database may use control "E", the wordprocessor control "U" and the spreadsheet the "arrow" keys. This is both confusing and potentially dangerous and will extend the time taken to master the system.

The integrated package will offer a uniform range of commands with the keys having common functions. In addition, the documentation's style and structure will also be uniform.

**Data Capture.** One feature

common amongst these packages is the facility for external data capture. This is the ability to bring into the system information from the "outside world." Most will accept data from the storage formats used by the best-selling individual packages which will aid users changing over to the new package or to capture information from a colleague's computer.

The most open interchange standards is ASCII. This is simple "raw" text which may be picked up by having the other system writing data to the disk. They can accept only partially structured data and can therefore link into accounts systems and even on-line databases.

Automatically linking to an accounts package via this type of interface can be useful. It will allow the data from any of the ledgers to go through many levels of analysis, spreadsheet modelling, selective reporting with the database, mail shots with the wordprocessor and even graphic plots, processes impossible with most accounts systems.

**Programming Languages.** A number of the systems also incorporate, for the more advanced user, a "mini" programming language. This can facilitate the capable user (or the dealer) to extend the system to perform complex series of actions initiated via simple menu (a series of numbered options) driven commands. By this route the packages can be designed for specific applications, say an estate agent or insurance broker, performing their own unique and often sophisticated requirements in a simple and straightforward manner.

Setting up such a system can be complex, as it does involve programming. But once initiated it can be operated by someone with little knowledge of the procedures behind the simple menu options.

**Keystroke Macros.** The keystroke macros is a less ambitious but still a very useful facility. With this option, repetitive functions which involve a large number of key depressions can be automated by "teaching" them to the computer. The system is placed into "learn mode" and the macro given a name. The desired series of key depressions are then made and automatically saved through the computer's disk. The next time these are required the whole series can be re-run by issuing the name of the original macro.

## Sophisticated

Cost. Last, but far from least, is the price. An integrated package with at least four application modules will cost about £500. To achieve similar facilities by purchasing individual packages could cost £1,200 or more.

The appearance of the integrated package is directly due to the increased power provided by the jump from eight to 16-bit chip systems. The eight-bit systems are limited to 64K RAM (1K=1,024 characters) memory; the 16-bit can handle a theoretical 1MB, or 16 times this amount.

Allied with more sophisticated processing power and larger disk storage, this integrated package has made the present range break down into two sub-divisions—disk and RAM based. With the RAM-based package, both the programs and data reside totally within the computer's internal memory. The disks are accessed only for the initial program and data loading and to save the data at the end of a session.

This means all facilities are instantly available and many can have multiple modules in action simultaneously by the use of windows. Using the window technique (partitioned areas like miniature screens upon a single main screen), one



Mitchell Kapor, president and co-founder of Lotus, and Ben Rosen, lead investor in raising venture capital for the company

area may be a spreadsheet whilst another is displaying the data plotted into a pie chart. RAM, even with 16-bit systems, is a finite resource and imposes limitations. These limitations impact in the areas of total data store and program size—therefore RAM-based packages tend not to have a wealth of program facilities.

With the disk-based packages, the programs for each module are loaded as and when needed and the disk is in constant use for data store throughout an applications use. These packages are therefore able to support more sophisticated applications programs and have large data storage abilities. This is not to say though that all packages of this type have made use of this opportunity, some have less facilities than their RAM-based counterparts.

Another feature which is possible with the disk-based

systems is the sharing of current data between users with the increasingly popular multi-user and networking micros. This is because the data with a RAM-based system is inside the memory of the individual terminal and may have been changed since it was first loaded from disk.

The penalty paid though for using the disk is a lack of the multiple application windows and less slick data and application interchange methods.

It will be interesting to monitor the growth of the integrated packages within the market and their effects upon the sales of individual packages. The other potential area of interest will be whether independent suppliers make use of the in-built programming languages present on some systems to develop packages.

The best of these products could have the menu-driven simplicity of conventionally-programmed software plus the manipulation facilities only previously seen with the add-on extras of spreadsheets, databases, wordprocessor and the like.

The competent user or the suppliers would also have the flexibility to tailor the system to their own requirements. In addition, as the system would be designed as a harmonious whole, data interchange would be simplicity itself.

Much of today's hi-fi is bought as integrated rack systems by users with general needs. But for those software package users looking for the ultimate or with very specific requirements, the solution may only be realised by individual components.

## General pointers toward selection

By ERIC BAGSHAW

MUCH OF today's hi-fi is purchased in the integrated rack-mounted form but a significant portion is still bought as individual components and assembled by the user. For the person with specific needs or an enthusiast looking for the ultimate, this is often the only route.

The following general pointers can be used to select the correct range of software packages.

**INDIVIDUAL PACKAGES:** These are called for if you have only one or two applications or very specific and sophisticated requirements and if speed/ease of interchange is a low priority.

**RAM-BASED INTEGRATED:** These packages are ideal for users requiring the maximum interchange of data and applications but may not require a wealth of facilities in all modules or very large amounts of data storage as this is limited by the availability of RAM.

**DISK-BASED INTEGRATED:** In many ways a compromise between individual and integrated packages. The best combine the sophistication and storage capacities found with individual packages but the common face and ease of data interchange of the integrated. However, do not expect the high speed of application interchange which is only possible with RAM-based packages.

When selecting a package pay particular attention to the abilities of each module—it is unlikely that all the modules of an integrated package will be equally important. Each user will have his own needs. For one wordprocessing may be the most important option, for another it may be the spreadsheet. Therefore, carefully assess your own requirements and pick a system whose strengths fit these as closely as possible.

The emergence of integrated packages is due to the increases in hardware power brought about by 16-bit processors. These packages therefore tend to be rather demanding when it comes to hardware resources. You can only just run most of the RAM-based packages on 256K; at least twice this will be required to make them "sing and dance".

Many of the disk-based packages require a little less in the way of RAM but operate best on a hard disk.

Other ancillary costs can include extra boards and an expensive monitor to do justice to the full colour business graphics (pie charts, histograms etc.) that most packages offer. For the best quality will be achieved with a plotter but many can also drive standard dot matrix printers with acceptable results.

## RAM and disk in a new wave

ALL THE following packages are available on best-selling micros such as the ACT Apricot range and IBM PCs (and close look-alikes). They are representative of the new wave of software that make great use of the hardware's programmable function key facilities such as ACT's micro-screen and IBM's templates. All of the systems have at least database, wordprocessing, spreadsheet and business graphics modules.

**RAM-BASED**  
Two representatives of this type of system are Framework (Ashton Tate, 0908-668866, priced £550) and Symphony (Lotus, 0793-840281, £550). Both are from companies with a best-selling package to its credit, Ashton Tate with the database, dBase II (and now version III) and Lotus with the spreadsheet, Lotus 1-2-3.

Framework is not based on a database but can link to its full-blown relatives, dBase II and III. Instead it is a series of moderately powerful modules linked by a window technique called outlining which allows related work in any of the applications to be stored together in headings and sub-headings groupings.

Symphony borrows on its

1-2-3 origins, the whole system being built around a powerful spreadsheet. Both use multiple window techniques, have a communications program and incorporate programming options.

**DISK-BASED**  
Two typical disk-based systems are Open Access (written by SPI, available from ACT 021-455-7000, £450) and Smart (written by Ingovative software available from Paradigm 01-228 5008, £380). Both possess a range of application modules with power and facilities comparable to many individual applications packages. They can be purchased as a complete system or as separate modules.

Open Access possesses a powerful and flexible multi-file relational database with a query language and a spreadsheet with spreadsheet abilities. Smart has a comprehensive programming option as well as a multi-file database and sophisticated word-processor.

Both systems have diary options and keystroke macros but of the two, only Open Access has a communications program.

Eric Bagshaw

## Oberon will give you a smarter computer. For a fraction of its cost.



Oberon have invented a machine so advanced it's going to revolutionise the way information is put into computers and word processors.

It's called the Omni-Reader. And it does something only the human brain can do.

## It reads.

It reads words and numbers from documents, files or copies in your filing cabinet, puts them into your computer and onto the screen without retyping.

Because it's twice as fast as the fastest typist it will free secretaries and typists for new work.

But it can do more than just read. It can edit and collate.

You can add new material and up-date from the keyboard as you go along.

And it needs no special training to operate.

In fact, for under £400, the Oberon Omni-Reader will give you an altogether smarter computer.

\*excludes VAT

OBERON OMNI-READER.

I would like a smarter computer. Please send me further information about the Oberon Omni-Reader.

Post to: Oberon International, P.O. Box 706, Blackmore Road, London SE9 5JF.

Or telephone: Hemel Hempstead (0442) 3903.

Name \_\_\_\_\_

Company Name/Position \_\_\_\_\_

Address \_\_\_\_\_

Postcode \_\_\_\_\_

Telephone Number \_\_\_\_\_

Tick appropriate box: ☐ Dealer/Systems House ☐ Business User

OBERON. The best thing next to your computer.

## ANNOUNCING LONDON'S FIRST BUSINESS COMPUTER WEEK

Whether you're already using computer technology or contemplating your first investment, selecting the new system that will boost your business efficiency is tougher than ever.

You're faced with an enormous range of suppliers each with varying levels of sophistication—from the low-cost micro to integrated business systems.

Now at last there's a London event that covers all your options in one go. The first ever London Business Computer Week—three shows under one roof—each addressing an area crucial to today's managers.

The **Business Computer Show** will show you routes to business efficiency with a host of minis, micros, peripherals and services.

The **Office Automation Show** will demonstrate the benefits of electronic mail, networking, word processing and all the other elements of the integrated electronic office.

**Software 85** will feature the latest packages for minis, mainframes as well as micros up and running on exhibitors stands.

Visit the event that gives you comprehensive coverage of all your computer options.

EARLS COURT, 4-6 JUNE 1985  
L O N D O N

SPONSORS: COMPUTER WEEKLY NATIONAL COMPUTING CENTRE, BRITISH COMPUTER SOCIETY, INSTITUTE OF DATA PROCESSING MANAGEMENT, INSTITUTE OF MANAGEMENT CONSULTANTS, PRACTICAL COMPUTING, IBM COMPUTER TODAY BACKED BY THE CSA. FT/1/5

Bring this advertisement for free show entry. The London Business Computer Week, Chisworth House, 59 London Road, Twickenham TW1 3SZ. Telephone 01-891 5051.



## Growth shows little sign of fading out

**Mainframes**  
PHILIP MANCHESTER

SYSTEMS SOFTWARE was the first area of the software market where packaged products emerged. Long before the shelves of microcomputer stores were groaning under the weight of spreadsheet, database and word-processing packages, mainframe users were spending hundreds of thousands of pounds on large-scale versions of the same sort of thing for their computer systems.

In spite of systems software being mainly the province of computer manufacturers, a significant independent industry has grown alongside these manufacturers over the past 15 years. This has mainly centred on the enormous IBM market, with an estimated 32,000 mainframe sites worldwide. This market has been growing steadily at a rate of between 20 per cent and 30 per cent for a decade and shows no signs of falling off.

Latest figures from the U.S. market research company IDC show a steady growth of 28 per cent per annum between now and 1989, when the total market for mainframe packaged software (including applications packages) in Western Europe will hit \$3.5bn.

Cullinet, a leading database specialist, claims an annual growth rate of 70 to 75 per cent per annum and sees no sign of a downturn in business says Mr. Andy Milner, systems consultant manager.

Similarly, Mr. Cliff Smith, of Computer Associates, points to a growth rate of 50 per cent per annum over the past five years and is projecting income of \$130m on its latest financial year-up from \$87m.

These companies are typical of the first division of mainframe systems software suppliers and their role in mainframe users' plans has taken on a greater significance since the cost of mainframe hardware began to fall dramatically at the end of the 1970s. The fall in hardware costs has led to the hardware supplier becoming less inclined to offer the extensive support once seen as an industry norm.

For instance, when IBM launched the 4300 in 1979, it restructured its support strategy in such a way as to make it very expensive for users to obtain support.

The independent software suppliers have, to a great extent, filled that gap and now help users plan their installations, advise on proposed system improvements and generally provide "handholding" which would, previously, have been provided by IBM.

It is generally acknowledged that the independent industry began with the unbundling of software and hardware at the end of the 1960s. In 1969, IBM announced that it would charge extra for its systems software. The other major mainframe manufacturers quickly followed suit.

### Independent

System software is defined as that software close to the computer which handles the "house-keeping" chores in any system — such as database management, communications and job scheduling. Where mainframe computer users had, in the past, taken the manufacturers' offering because it was included in the overall price, unbundling allowed them to look for alternatives in the open market.

In the past the independent suppliers have been able to offer much higher quality products than the manufacturer by targeting a specific sector of the market and concentrating both their technical and marketing forces on that sector. In recent years, however, independents have offered a wide range of products which matches that of the manufacturer.

The two main areas where independents have scored successes have been in database software and transaction processing. In the IBM marketplace this has been a result of the inadequacies of the manufacturers' products.

There is an argument that the hardware manufacturer is not the best supplier of software. IBM, for example, is often held up as the villain of the software world with its philosophy of making software inefficient so as to sell more hardware to make up for the bad performance. Even so, IBM is still the largest supplier of systems software to its customers, with an estimated 25 per cent of the European market.

Since the beginning of the 1980s, the independent software suppliers have adopted a strategy of offering a complete alternative software philosophy — integrating database, transaction processing and end-user tools into a single all-purpose system.

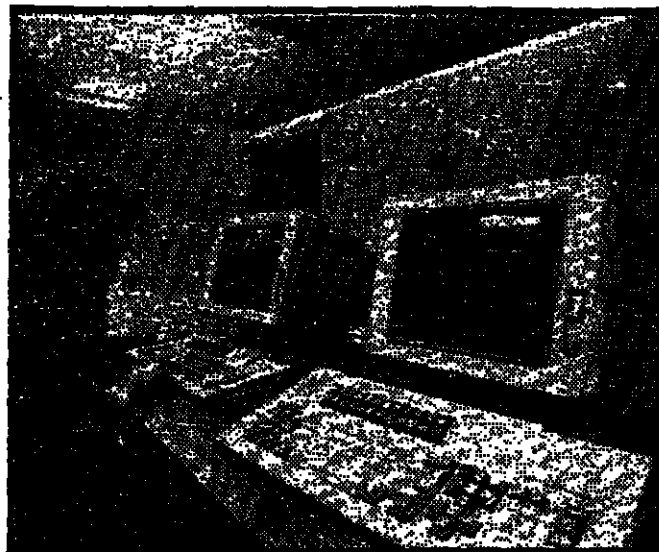
All the major suppliers — Cullinet, Computer Associates, Cincom, Applied Data Research and Software AG — have gone this route over the past five years and it appears to have had some success. As a result, software suppliers are deeply involved in mainframe installations and often reach beyond the data processing department to the users.

Mr. Milner, of Cullinet, says mainframe users are increasingly turning to software companies to solve their system problems. In the past they would have turned to the manufacturer or done the job themselves.

"The mainframe packaged software business is much more stable nowadays and the new application development side — fourth-generation languages — are accepted rather than being speculative products," he says.

"A lot of our customers come to us because they are looking for both systems software and applications."

Cincom, another major sup-



The IBM 3090 model 200 is a high-end processor for rapidly growing computer requirements

plier has achieved this with its MANTIS package and ADR has done the same with its DATA-Computer Associates, said to be on the verge of announcing a similar "total" package sees this as the way things are going.

Mr. Cliff Smith of CA described what he sees as the system of the future. "Users have realised they have to design a system from end to end first. They also see you cannot have multiple versions of the truth — you must have your data concentrated in a single database and the whole thing has to be menu driven and interactive."

"That is the sort of package we are offering and there is no way the user can develop that sort of thing nowadays."

With increased involvement in personal computing, communications and end user computing, it seems there is a rosy future ahead for the established systems software producers.

Source: Eurostat, International Data Corporation

### Multi-User Software Package Revenue (W. Europe)

HARDWARE MANUFACTURERS				INDEPENDENT VENDORS			
	Origin	Revenue (\$m)	Market Share (%)		Origin	Revenue (\$m)	Market Share (%)
IBM	U.S.	649.3	33.7	Cincom	U.S.	26.0	3.3
ICL	UK	76.8	4.5	Computer Associates	U.S.	22.1	2.8
Siemens	WG	72.5	4.4	ADR	U.S.	15.1	1.9
Bull	Fr	70.9	4.2	Sema	Fr	14.4	1.8
HDS	U.S.	64.7	3.9	Cullinet	U.S.	13.7	1.7
DEC	U.S.	62.3	3.8	MSA	U.S.	13.2	1.7
Nixdorf	WG	60.8	3.6	Steris	Fr	11.7	1.5
Olivetti	It	59.5	3.0	ADV/Orga	WG	11.2	1.4
NCR	U.S.	49.9	2.9	SAP	WG	10.8	1.4
Burroughs	U.S.	44.1	2.6	CGI	Fr	10.7	1.3
Other		474.9	28.3	Other		648.2	81.3
TOTAL		1,978.2	100	TOTAL		797.1	100

Source: Eurostat, International Data Corporation

## Building in capacity for easy changes

MAINFRAME computer users have traditionally built their own systems. But in the last decade there has been a gradual drift toward buying in packages to meet many of the needs of companies — especially in the financial area.

Unlike the packages sold into the personal computer market, mainframe applications are large scale, expensive and require significant support from the supplier.

The fall in the price of hardware coupled with an increase in computer performance has highlighted the continually rising cost of skilled software staff. At the same time, improvements in the technology of developing software have made the package a more attractive alternative to building a system from scratch.

The package solution first rose to prominence with the automation of company payroll systems. Payroll is an area where government legislation and union agreements exert a strong influence over the design of the system, making it an ideal candidate for a "packaged" approach.

Peterborough Software, the UK software house, built its business on the back of the payroll package Unipay, and has gone on to develop packages for pension administration and personnel records.

As accountancy practices have increasingly been subject to legislation a similar drift toward the package solution has taken place in the field of sales, purchase and nominal ledger processing, with market leaders Management Science of America building a multi-million-dollar business from packages in this area.

The mainframe package market has become so broad that somewhere in the world there is, most likely, a package to achieve every thing a modern business might want to do. The only areas that have stood out against being "packaged" are those where individual company practices have made it difficult to adopt a general approach. But even this may be changing.

Walker International, a relative newcomer to the package market, has adopted an approach which it calls strategic software and has achieved considerable success

in the three years it has been in existence.

The approach, developed from the idea that many of the component parts of any system are similar — it is only the way they are put together that differs from user to user — operates at three levels. Tailoring is possible at the user and the data processing end and also in terms of what systems software is being used.

Mr. David Roberts, of Walker in the UK, describes the concept as an umbrella under which a distinction is made between the end user and the data-processing department.

"The software is designed to be transported across a number of different operating environments. On one side we give the data processing department a set of optimisers to allow them to control the form of the data and how it's held in the database. On the other side we give end users a set of personalisers so that they can tailor screens, reports and the rest to suit their requirements."

### Bridge

"At the root of this is what we call the software bridge, which allows the customer to choose which database management system and transaction processing system they want."

Installing a package at this level requires a significant commitment from the software company and this level of consultancy does not come cheap. Mr. Roberts was reluctant to put a price on the various packages that Walker sells but estimated in round figures that a single application would cost about £100,000.

He added that subsequent systems would cost less because the kernel software — the software bridge, the "optimisers" and the "personalisers" — would already be in place and were the same whatever the application.

Walker's range covers ledgers, accounts payable and receivable stock control and purchase order processing. Its approach of making the software easily changeable coupled with a high level of consultancy is one that is growing in popularity.

Mr. Ian Macnaught-Davis, managing director of the U.S. company Comshare, says users are demanding the ability to change systems easily, especially since the use of personal computers has made users more aware of what they can get from a computer.

"The demand for consultancy is phenomenal and what people want is systems that are easy to use and that can easily be changed to meet new demands," he says.

Comshare's many years as a timesharing supplier has put it in the front line as far as end-user computing is concerned, Mr. Macnaught-Davis says.

"We have had to give customers what they want and we now perceive that as being what we call "close bonding" of systems. At the back of this is a large scale mainframe database and at the front end is a terminal or a micro. In the middle is the component that brings the company database and external databases together."

Comshare has specialised in providing applications in the financial planning sector — best thought of as giant spreadsheets.

The UK software company CAP had a brief flirtation with packaged systems software a few years ago with its ill-fated CAP-CIP subsidiary. Recently it has moved back into the game — this time with applications packages for the financial services industry.

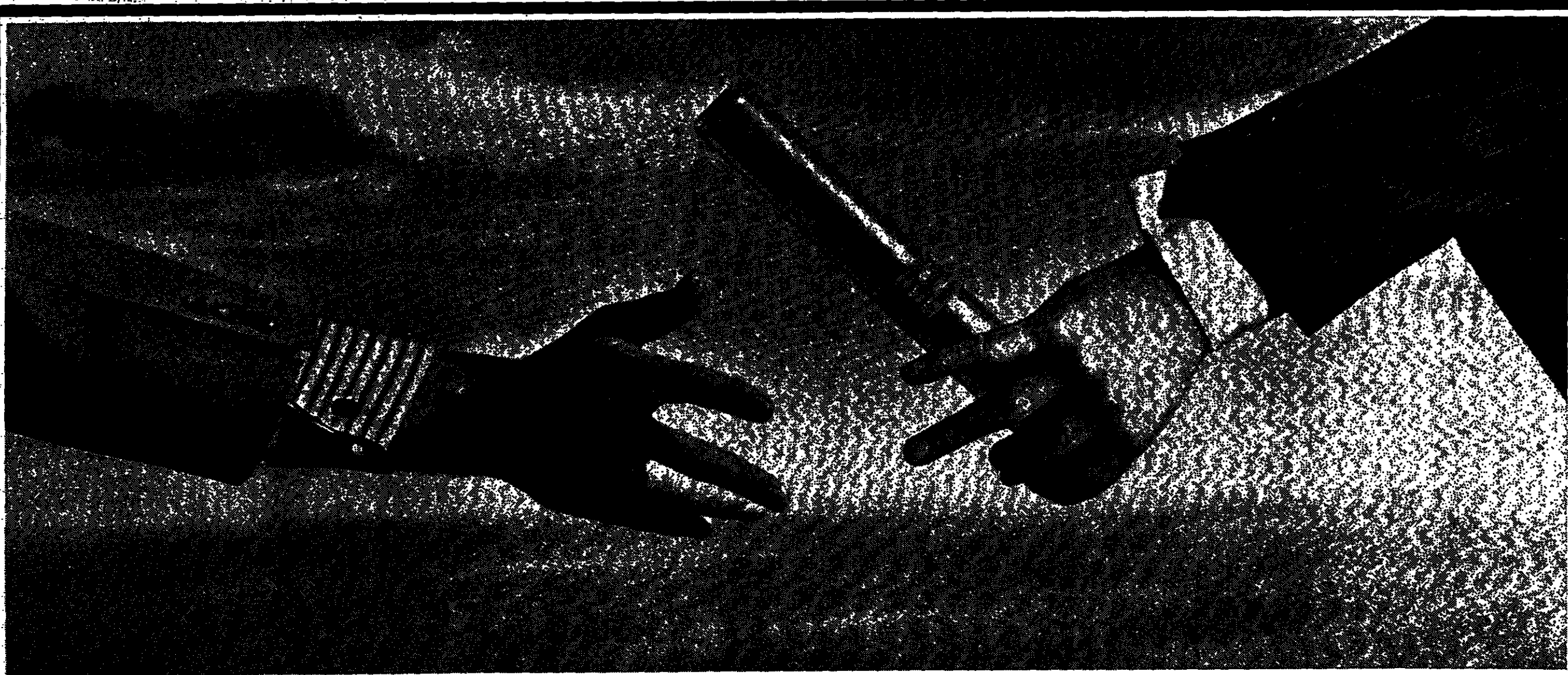
Mr. Alan Benjamin, CAP director, confirmed that much of the packaged applications business nowadays required a high level of consultancy and commitment from the software supplier.

"A package is rarely more than 75 to 80 per cent of the solution. You must be able to reconfigure the system to suit. Every company wants to play around with the basic package to fit with what they want."

He also agreed that the micro-computer had opened users' eyes to what they could expect from a computer.

So the shift that appears to be taking place in the applications software market is towards packages that can be substantially tailored to users' requirements. It is no surprise that many of the traditional systems software vendors — Cullinet and Cincom among them — have been moving into the applications market.

Philip Manchester



## The best changeover in the business.

When you choose Microsoft business software one thing might surprise you.

Just how well all of these products integrate with each other.

It's as if they were on the same disk. Which they are not.

For a very special reason.

Time and time again we hear that our competition are producing 3 in 1 disks, with word processing, spreadsheet and graphics all together.

Some of them quite adequate.

But there's a limit to how much you can get on a disk, and it's all too easily reached.

So in choosing to keep our products on separate disks, we developed the fastest, most effective changeover system in business software today.

To start with, everything is really easy to use.

Each package has the same layout

and style, and English commands are used throughout.

No jargon.

And you have the flexibility to tailor individual solutions to particular problems.

Our spreadsheet, Multiplan and our graphics package, Chart are so totally integrated they can be used as one.

While for word processing, Word's library command allows you to run any

other Microsoft program simultaneously.

Which is quite something.

In business today, what you can do is usually dependent on the time it takes to do it.

Speed is of the essence.

And you wouldn't want to drop one, would you?

**MICROSOFT Right. First time.**

Call Microsoft on (0753) 59951 for any further information you require. Microsoft Ltd., Piper House, Hatch Lane, Windsor, Berkshire SL4 3QJ.

MICROSOFT BUSINESS SOFTWARE



## Software Packages 4

## Half-witted but much faster

**Database**  
BORIS SEDACCA

THERE IS nothing a micro-computer-based database management system (DBMS) can do that cannot be done as well, if not better, by a human being using a manual system of record card boxes and indexes.

This may seem a bold statement to make but even the best-selling database package for micro, Ashton Tate's dBase II, will not, for example, find a record keyed in as "WR Grace" if it was previously entered as "W.R. Grace," without extensive programming.

A human operator with no more than average intelligence on the other hand, would spot the similarity straight away. But such a boring and time-consuming job is unattractive to humans and computers can do the job much faster, albeit in a half-witted way.

Some DBMSs such as Southdata's Superfile, a UK product, can manage phonetic matching, so that it is possible to make a search for a name of value which is close to the one required: a sort of "fuzzy matching" facility which is unusual on mainframe computers, let alone on a micro-computer-based system.

### Records

There is a constant need to categorise information in business. The best way to have information at one's fingertips is to put it into tables with column headings. Conceptually, these tables would be huge and cumbersome physically, but can be tucked away neatly in electronic form. The column headings are described as "fields".

Items of information, described as "records", are written into the rows. Alternatively, one could think in terms of individual cards for each record. The total collection of records of the same type is described as a "file". A simple example of a file is a cardbox, is available from a UK software publishing outfit, Caxton. It is basically an electronic cardbox and no more. A similar package, called "Ashton Tate", is available from Ashton Tate.

Going back to basic concepts, as each new record is added, it may be put into a specific order in the file—for example, alphabetically by name in the case of a personnel file. If information is also required on another field, say by age, then it would make sense for a separate age index to be kept which would make a cross-reference to the actual records. Where a number of indexes are to be set up, the administrative burden can become quite unbearable and the risk of error increases. Computers do not usually make mistakes, but humans do.

The precursor of today's modern hierarchical DBMSs, particularly IBM's Information Management System (IMS), was the Bill of Materials Processor used in manufacturing applica-



Businessmen receive pointers on available systems at the W. H. Smith business computer centre at Crawley, Sussex

tions where components would be a natural development for Lotus to provide rudimentary data management facilities, which together with graphics for statistical presentation made its 1-2-3 spreadsheet a best-seller.

However, Lotus 1-2-3 is limited in the amount of data it can handle to the amount of memory in the main processor box. It cannot look for data which is not in memory but stored on disk.

True DBMSs will research for data stored on disk. Some will still have a limit, determined by the logic of the software, on the number of records, such as dBase II's limit of 64,000 records, although its successor dBase III has virtually no limit. Although 64,000 may seem to be a large number, it is surprising how quickly databases fill up once they have been implemented.

data in tabular form so it was a natural development for Lotus to provide rudimentary data management facilities, which together with graphics for statistical presentation made its 1-2-3 spreadsheet a best-seller.

However, Lotus 1-2-3 is limited in the amount of data it can handle to the amount of memory in the main processor box. It cannot look for data which is not in memory but stored on disk.

### Popularity

There may also be a limitation on the number of fields per record, the number of data files in simultaneous use, the number of program and data files open simultaneously, and the number of variables, all of which need to be taken into account when purchasing a micro-based database management system.

It is only in recent years, thanks to the astounding success and popularity of the IBM Personal Computer, that non-computing managerial staff has taken an interest in database technology.

Before then, it was the preserve of data processing technocrats. Now a database management system is just one of a number of microcomputer-based productivity tools, such as word processors and spreadsheets.

A DBMS is useful for developing applications which are not clearly defined and regulated, as opposed to applications such as accounting ledgers or payroll which are highly structured. It is probably better to buy a

ready-made off-the-shelf package than to re-invent the wheel. The advantage of managed database files over the classical old-fashioned file organisation is their "data independence". They are not tied to specific applications. For example, in old-fashioned systems, payroll programs would process a payroll file, accounting programs would process accounting files and inventory programs would process inventory files.

Data held in one file for one application may be common to another application, so may need to be duplicated in another file. A database management system integrates the data, and manipulates a number of files for processing by various programs, thereby avoiding data duplication.

A micro which can allow different users to enter data, update it and carry out file inquiries from different application programmes will be a sophisticated and expensive beast indeed. Most micro DBMSs should be qualified with the label "single-user" which in a way defeats the very purpose of having a DBMS in the first place.

For a busy executive, this means that unless he (or she) is entering the primary data, he will have to wait around to get up-to-date information or interrupt the data entry process.

It is easy enough to provide the facilities to allow more than one user to get at the same data, but difficult to stop them doing so at the same time. If this occurs, a situation described as the "deadly embrace" can develop which is extremely difficult to disentangle. The suppliers of mainframe-based DBMSs of the previous decade all had faced this problem. Now it is the turn of the micro DBMS suppliers.

If a file is heavily utilised, it would make no sense to lock other users out when one is using it. This is why one hears so much talk about record locking. Easy to talk about but difficult to implement.

## If experts fail, pity the layman

**Accounting**  
BORIS SEDACCA

SOME YEARS ago, the world's largest computer manufacturer, IBM, got indigestion and spat it out again.

Management Science America (MSA) bought Peaches to give it a foothold in the IBM Personal Computer market, partly because it was the first accounting system offered by IBM on its PC, and partly because it was just down the road from MSA's own corporate headquarters in Atlanta.

MSA with more than 10,000 systems now in use worldwide, built its success on providing accounting packages for large IBM mainframe computers. Peachtree had been very successful selling accounting packages on Apple II's. The enlarged company could cover the whole micro-to-mainframe spectrum, but when it came to selling Peachtree on the IBM PC, the picture changed dramatically.

Last year MSA lived off Peachtree. This vignette has some parallels with the problems of choosing an accounting package. If MSA, with its vast technical knowledge and pools of money can get it wrong, what chance is there for the average accountant, anxious only to buy an effective program not a computer?

According to the National Computing Centre (NCC) Microsystems Centre, there are some 800 accounting packages on the market, of which about 200 are produced in the UK alone, with about 70 packages available on the IBM PC. Accounting in computer industry jargon, is a "horizontal" application, covering the needs of all businesses, as opposed to applications such as specific "vertical" markets, such as solicitors, travel agents, hoteliers, and so on. The nominal ledger is the

core module of an accounting system. For all but the smallest companies, the sales and purchase ledgers are almost mandatory, too, as well as payroll. Other modules typically offered include invoicing and sales order processing, job costing and stock control and in some cases, bill of materials processing.

Accounting software suppliers offer varying levels of integration between their modules. The use of database principles (also discussed elsewhere in this survey) means that users should only have to enter data once for automatic postings to other books. This should ideally be done without further user intervention or updating runs.

The cost of accounting packages range from cheap and cheerful single-company, single-user packages such as Easy but it from Scripps Computing and Easy TABS from TABS costing £100 per module, to multi-company, multi-user, multi-currency systems costing upwards of £700 a module.

### Modifications

Except for low-end packages such as the ones described above, it is advisable for accounting packages to be set up by an experienced accountant. Mid-range systems, such as Pegasus from Brikat and Business Desk from Paxton will cover the needs of most small-to-medium-sized companies.

Some packages offer full management accounting on top of the basic historical accounting facilities. The database approach is not always necessary but it does help if different reports have to be created for management information. Some suppliers provide the source code to their packages, at an extra charge to allow the end users to make their own modifications.

Others such as Brikat with its Pegasus package offer specific report generators, or application generators such as Compact Accounting with its Nucleus program generator, which produce Basic programs to work together with the main accounting modules. Nucleus achieved some

measure of fame by winning the 1984 Recognition of Information Technology Achievement (RITA) award, the computer industry's equivalent of the Oscar awards, for the Software Product of the year. Its main attraction is that it can be used by people who have never written a line of Basic program code in their lives.

Facilities such as date manipulation are also important for things like automatic reminders on aged debtors.

Multi-user accounting packages bring in another level of complexity. Local area networks (LANs) provide part of the answer but the problems are not only technical. There are also problems of security and sensitive data from mistakes or from deliberate breaches of security.

Packages like Brikat's Pegasus, Tab's Multi-user Tabs and Synergy from Ram Computer Services in Bradford offer multi-user facilities. Stephen Brabbins, a director at Ram, says that LANS such as Ethernet can cope with small amounts of data traffic such as file transfers, on spreadsheets such as Lotus, but begin to strain with high transaction volumes.

Ram has now discarded LANS for the Televideo Personal Mini, supplied in the UK by Thorn EMI subsidiary, Computraid. "A personal Mini is 16 times faster than the competition," claims Brabbins.

"One transaction on our system may involve multi-user updates to half a dozen files. This can mean 160 networks access just by pressing the 'enter' key. A bus network architecture is wrong for this purpose," he says.

"Although they offer extremely high data transfer rates overall, anything from two to 10 megabits per second, this has to be divided by the number of users making use of the network."

As mentioned above already, multi-currency packages cost upwards of £700. Shortlands, Omicron, Teletype and Lyric Business Systems all offer such systems. Shortlands is based on the

Unik multi-user operating system, which has now moved down the scale from mainframe computers to microcomputers and comes in three versions: Bronze for single company accounts, Silver for multi-company accounts, and Gold which adds multi-currency facilities. Sub-ledgers can be run in a currency other than the base currency. The sales and purchase ledgers can run bank accounts in different currencies. Postings to ledgers are automatically converted to the base currency at the current exchange rate.

### Links

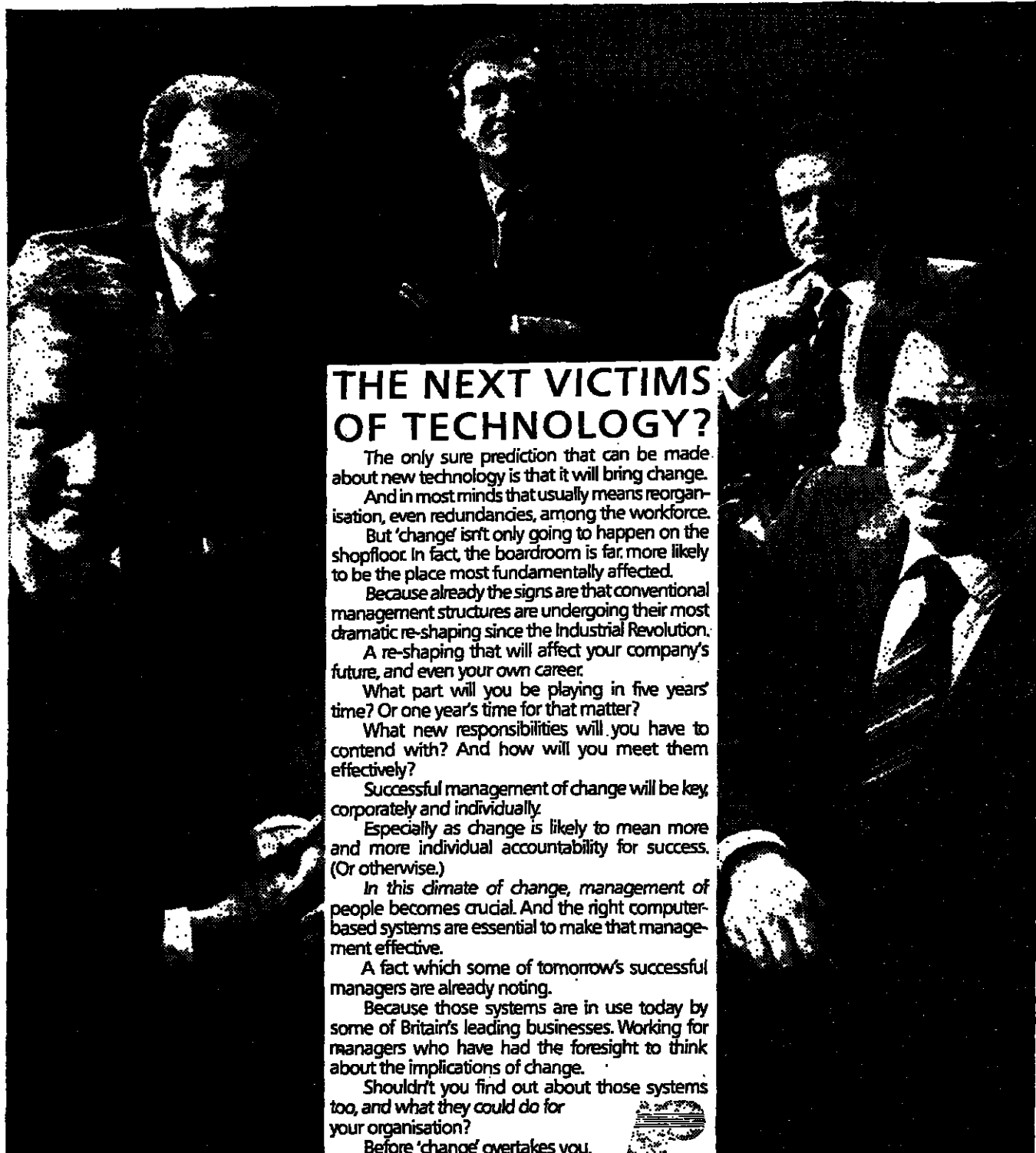
Omicron is often referred to as the Rolls-Royce of micro-computer - based accounting packages, with a pedigree originating from its two founders, ex-employees of RTZ Computer Services, who previously sold "parameterised" mainframe accounting packages and adapted their features into the Omicron Powersystems range.

Another desirable feature for an accounting package is the ability to work together with other software packages such as spreadsheets and database management systems. Pegasus provides a link to Microsoft's discipline spreadsheet, Computraid's Delta database management system, and other packages.

Compact accounting provides links for Nucleus with the more advanced Micromodeler spreadsheet and with mail-merge programs for sending out reminder letters for instance.

Accounting is a highly specified and defined application so may appear simple to program. After all, a major part of the problem-solving process is problem-definition. Nevertheless, apart from the very basic requirement for double-entry bookkeeping, there is much scope for variation in the way accounts are done, which is why accountants are spoilt for choice.

But as in most things, the quality of an accounting package is usually reflected in the price.



## THE NEXT VICTIMS OF TECHNOLOGY?

The only sure prediction that can be made about new technology is that it will bring change.

And in most minds that usually means reorganisation, even redundancies, among the workforce. But 'change' isn't only going to happen on the shopfloor. In fact, the boardroom is far more likely to be the place most fundamentally affected.

Because already the signs are that conventional management structures are undergoing their most dramatic re-shaping since the Industrial Revolution. A re-shaping that will affect your company's future, and even your own career.

What part will you be playing in five years' time? Or one year's time for that matter? What new responsibilities will you have to contend with? And how will you meet them effectively?

Successful management of change will be key, corporately and individually.

Especially as change is likely to mean more and more individual accountability for success. (Or otherwise.)

In this climate of change, management of people becomes crucial. And the right computer-based systems are essential to make that management effective.

A fact which some of tomorrow's successful managers are already noting.

Because those systems are in use today by some of Britain's leading businesses. Working for managers who have had the foresight to think about the implications of change.

Shouldn't you find out about those systems too, and what they could do for your organisation? Before 'change' overtakes you.

**PETERBOROUGH SOFTWARE**  
BRITAIN'S LEADING HUMAN RESOURCE MANAGEMENT SOFTWARE PEOPLE  
PETERBOROUGH SOFTWARE (UK) LIMITED BOROUGHS ROAD NEWARK ROAD PETERBOROUGH PE1 5YJ TEL (0733) 41010  
UNEMPLOYMENT AND UNEMPLOYMENT FROM PETERBOROUGH SOFTWARE. SERVING AN INTERNATIONAL, BLUE-CHIP CLIENT LIST THAT INCLUDES OVER 50 OF THE TIMES TOP 100 BUSINESSES.

### SSAP 21 means trouble.

The new standard on lease accounting is likely to have a dramatic effect on how you account for all your leased assets.

You and your staff could be spending a great deal of valuable time in assessing the implications of the new disclosure requirements.

Even then, each lease could take up to 30 minutes to process manually.

There has to be an easy answer.

There is. LeasePlus is the unique software package developed for accountants, by accountants, to cope with the revised calculations and disclosures.

It classifies all leases and produces, in detailed or summary form, the reports that SSAP 21 requires.

Every lease should be entered, and processed, in about 3 minutes.

And it only takes half an hour to learn.

LeasePlus operates on the IBM PC and fully compatible machines.

And it's just part of the comprehensive lease consultancy service we provide.

A service that includes, for example, advice on finance and taxation and assistance in making any 'lease or buy' decisions for any asset.

For all the facts on LeasePlus, send the coupon ASAP.

# SOLVE SSAP21 PROBLEMS ASAP.



To: Clare Tanner Deloitte Haskins & Sells, PO Box 207, 128 Queen Victoria Street, London EC4P 4JX. FT 1/5/85

Please send me full details of LeasePlus ☐ your leasing consultancy services ☐ other computer software and services ☐ Please arrange a free consultation ☐ (tick boxes)

Name \_\_\_\_\_ Position \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

Postcode \_\_\_\_\_

Tel No. \_\_\_\_\_

**LEASE PLUS**

**Deloitte Haskins + Sells**



## Software Packages 5

# High output a sign of faith in market

FOR YEARS it was an assumption of the computer industry that it was difficult to sell to solicitors because they were reluctant to take on new ideas.

What the industry failed to understand is that they are also generally good businessmen who are likely to rigorously cost any large investment before buying. Often computer systems could not justify themselves.

One of the difficulties with solicitors is their special requirements. Like any other businessmen, they keep accounts but not in the same way. The Law Society has strict rules on accounts and especially the need to keep client and practice money separate.

Solicitors are enthusiastic users of word processors but not with run-of-the-mill word processing software. Their word processors need dictionaries with thousands of words the layman does not understand, let alone use.

There are also many other areas where solicitors could usefully employ computers, such as time recording, conveyancing, debt collection, storage of legal sources and precedents, trust accounting and electronic mail. But most of these require software specifically written for them.

Companies that write this type of software do not benefit from opening international markets; applications produced for the English market cannot be used in Scotland let alone Europe or the U.S.

It is a measure of the faith the computer industry has in solicitors that more than 40 companies currently offer specialist systems. The choice ranges from single-user microcomputers for about £8,000 (including software) to multi-user, multi-purpose systems costing up to £50,000 for 10 screens, a couple of printers and a lot of software.

Most suppliers offer the software and hardware as a package. Although they are chiefly software suppliers, they need to sell the complete system to keep the cost of the software down. Most sell direct, although there are some systems available through dealers.

Trying to choose a suitable

system from the variety available could be a nightmare but there is substantial help on hand. The Law Society, the Institute of Legal Executives and the Institute of Legal Cashiers hold conferences and seminars on the subject and publish guidelines for would-be purchasers.

The Law Society is particularly active. It has an approved list of some 20 suppliers and a regular information service available for a subscription of £15. This service offers independent assessments of approved suppliers, products, plus background notes, general articles and a code of standards for suppliers.

This offers an excellent guide to choosing, buying and installing a system. It even carries recommendations on environmental requirements. All suppliers wishing to stay on the society's list have to stick to the code.

## Legal

COLIN BARKER

There is also a Society for Computers and Law and a monthly magazine published under the auspices of the Law Society Gazette that offers guidance on running a practice, including use of computers.

The most popular applications for solicitors are word processing and accounts. Most suppliers in this area, such as Technology for Business, Miles 33, Oyez, Quill Legal Systems, AIM and Norwel Computer Services, offer these packages. The chief benefit is increased productivity from support staff for practices.

Time recording is the next most frequently used application but, perhaps because it usually requires that partners use the computer themselves, it is still used by only about a quarter of practices.

A time-recording system makes the bills more accurate, as the solicitor no longer has to estimate how much time has been spent. Most suppliers offer time recording.

The problem with time recording is justifying the cost

of a terminal on the partner's desk. Many partners also feel that a computer terminal does not present quite the right image to the client. The busier and more expensive practices are likely to see the greatest benefits.

Support packages are now becoming more popular. These cover conveyancing, trust accounting and probate, and debt collection. The breaking of the conveyancing monopoly gives the computer industry a chance to argue that solicitors can become more competitive with a conveyancing package.

These usually offer standard letters with word processing, plus a diary. Letters are organised and sent automatically and the solicitor has to bother only when things start to go wrong. The routine paperwork and investigations are organised by the computer and the support staff.

AIM, Miles 33 and Oyez are three suppliers offering conveyancing.

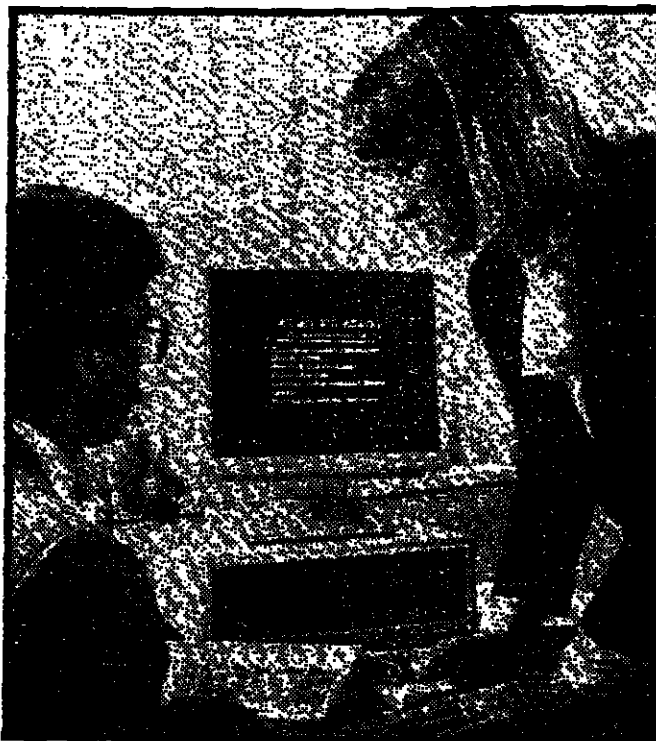
Debt collection systems work in a similar way to conveyancing, prompting and producing the standard documentation needed and indicating when something out of the ordinary happens that requires the intervention of a partner. Law Data Systems is the leader here with the DEBICO system.

These systems justify themselves by saving the time of partners and support staff. Which practices choose them depends on the mix and volume of their business. It is usually necessary to have at least 500 matters (and preferably more) in the area chosen, to justify the cost.

Database/retrieval systems Lexis and Eurolex offer large sources of information on legal precedents, statute, case and current law which can be accessed by a terminal. Lexis has the bigger database while Eurolex offers more information on Common Market legislation.

Even leisure users of home computing are discovering new ways of using their expensive boxes, to do more than play games.

With the wide range of networking services becoming available through the telephone system at all levels, never has the need for communications software been greater. Prestel, electronic mail through systems like Telecom Gold, on-line databases and the growing bulletin



## Micro Package Software Revenue (W. Europe)

HARDWARE MANUFACTURERS				INDEPENDENT VENDORS			
	Origin	1983 Packaged Software (\$m)	Micro Package Contrib. (%)		Origin	1983 Packaged Software (\$m)	Micro Package Contrib. (%)
IBM	U.S.	687.0	5	Ciocom	U.S.	26.0	0
DEC	U.S.	103.2	10	Computer Associates	U.S.	22.1	0
Siemens	WG	100.9	0	MSA	U.S.	18.2	27
H-Packard	U.S.	90.5	22	(Peachtree)	U.S.	15.1	0
ICL	UK	80.4	1	ADR	U.S.	14.4	0
Bull	Fr	73.2	6	Sema	Fr	13.7	0
HIS	U.S.	65.5	3	MicroSoft	U.S.	14.0	100
Sperry	U.S.	52.1	0	Callinet	U.S.	13.0	100
NCR	U.S.	49.4	12	VisiCorp	U.S.	11.7	0
Burroughs*	U.S.	45.8	0	Sterla	Fr	11.2	0
Olivetti	It	44.6	33	ADV/Orga	WG	10.8	0
Nixdorf	WG	23.7	1	SAP	WG	10.7	0
Philips	Neth.	20.9	4	CGI	Fr	10.5	100
Prime	U.S.	20.3	0	DRI	U.S.	10.4	0
Wang	U.S.	17.2	26	Informatics	U.S.	9.8	20
Other		410.3	27	Thomson CSF	Fr	9.0	0
TOTAL		1,885.0	11	Other		77.3	18
*Only markets multi-user microcomputers.				TOTAL		983.0	19

Source: Eurostat, International Data Corporation

Simultaneous voice and data transmission has been added to the AT&T PC6300 with a communications manager. It also has a XENIX operating system, high-speed co-processor and 20 megabyte hard disk

## Plugging into a wonderful wired world

### Communications

PHILIP MANCHESTER

for performing file transfer operations.

The best packages wrap all these features in an easy-to-use, menu-driven front end so all the user has to do is press a few key words and they are projected into James Martin's wonderful wired world.

In addition to the software package, potential communications users will require a piece of hardware called a modem and in some cases a special interface board that plugs into the personal computer. Many products come with the required hardware components as part of the package.

The simplest form of communications link involves plugging a modem into the RS232 port in the back of most personal computers, but where more sophisticated communications are required the extra board will be needed.

For the IBM PC, a product like Compusack's TCP is typical of the former, included in the £200 price is a Dacom Buz-

box modem. The package includes a text editor that can be used to prepare messages or to prepare output from spreadsheet or database programs for sending to another computer system.

Similarly, Owl Micro-Communications offers a deal with an autodial modem together with viewdata software, so Apple II users can plug into the Prestel service. The price inclusive of modem is £395.

Zycor's Micro-View incorporates both of the above and also provides access to Telecom Gold. At £600 the product is available for a wide range of personal computers, including the IBM PC and the Sirius.

The Sirius and the Apricot have proven popular with communications package developers and a wide range of products are available. ACT offers a package deal for the Apricot called Communicate which includes subscriptions to a number of network services.

Millhouse Designs offers a board called the F28 for the Sirius, which a number of package developers have used as a basis for sophisticated communications products. A range of protocols is covered including the IBM 3270 and the ICL CDS—both popular in the main-

frame computer community. The board plugs into one of the Sirius's memory expansion slots and it gives a great deal of flexibility, as communications can proceed while other work is taking place on the personal computer.

This is an important factor when considering adding communications to a personal computer. Most communications packages require that the computer is dedicated to the communications function. By using an extra board to handle the communications, the personal computer can be left free to get on with other things.

Software Components of Leighton Buzzard, sells a software package that uses the F28 at about £1,000, but the package does allow something akin to a micro-mainframe link.

Similarly, the highly popular Irma board, at about the same price, gives the IBM PC the ability to act as remote terminal to an IBM mainframe. It is distributed in the UK by West Surrey Computers.

The burgeoning micro-mainframe link market is another area of communications for personal computers covered in an earlier FT survey (Professional Personal Computing, April 15, 1985).



# MANUFACTURING & DISTRIBUTION

As the largest supplier of financial and other mainframe application software in the U.K., PPL is proud to announce a suite of new products that offer workable solutions to yet more aspects of management control, and at the same time perfectly complementing its existing range of world-beating systems.

Two different configurations are available, one has been designed especially for Manufacturing Industry (called MRP II) whilst the other is suited to Distribution, Service and Public Authority Sectors (DRP II). Each system comprises a group of modules that can be bought and used independently but were conceived to form part of a totally integrated package.

**Inventory Management.** The cornerstone of the system. By using our Minimum Inventory Planning System (MIPS) inventories can be cut to their most effective levels thereby producing considerable cost/investment benefits. Powerful demand-driven forecasting, multi-location control, realtime enquiry and update capabilities are backed up by full security control, audit trail and exception reporting.

**Purchase Order Management and Sales Order Management** provide detailed information and complete control over these key areas while also generating the necessary ledger postings.

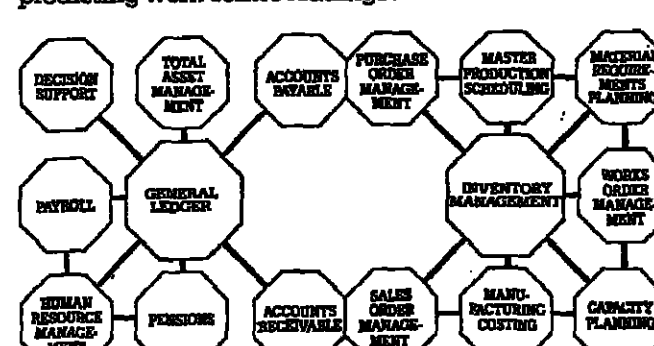
**Sales Forecasting** enables historical data to be processed using a variety of methods including, averaging, exponential, simple seasonal smoothing and adaptive exponential smoothing.

**Master Scheduling** produces realistic schedules by applying modelling and forecasting techniques to extracted information such as customer service schedules and stock-holding policies, etc.

**Material Requirements Planning** determines all the material requirements for each phase of the production cycle and fully supports the necessary provisioning.

**Manufacturing Costing** provides tight and accurate control of all your labour, material and overhead costs. The module also provides full simulation facilities for What If? analysis.

**Capacity Planning** ensures efficient utilisation of your production facilities by comparing orders with the appropriate set up, process, cycle times, etc., and predicting work centre loadings.



**Works Order Management** completely integrates shop-floor management into full manufacturing control. Constant status monitoring keeps track of both work in progress and completion schedules.

There is no development pain with these remarkable products as they are available now ready to run on the IBM 43XX range and above. Full implementation of a typical system is easily achievable inside 3 months.

If you would like a demonstration or more information or even if you would simply like to receive a regular copy of PPL News, why not make contact? You owe it to yourself to Look at us today.

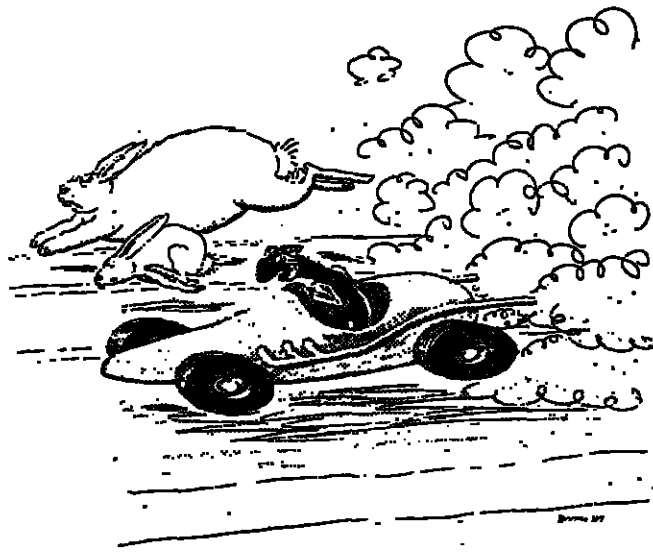
### Package Programs of London

91 Blackfriars Road, London SE1 8HW. Tel: 01-633 0121 Telex: 888724 PACPRO





## IN JUST TWO YEARS, ADR HAS CAUGHT UP WITH IBM\* AND CULLINET AS THE DATA BASE SUPPLIER OF CHOICE.



According to a recent independent survey of IBM mainframe sites, conducted by the International Data Corporation, ADR/DATACOM/DB was chosen by 18.7% of the companies planning to purchase data base management system (DBMS) software during 1984. That tied us with IBM's DL/I and Cullinet's IDMS as the DBMS of choice.

That's not all. Compared to 1983, that's an increase of 175%. Which makes ADR/DATACOM/DB the hottest DBMS in the business.

And for some very good reasons. ADR/DATACOM/DB is the only true high performance relational DBMS. It provides a single solution for controlling all of a company's information. ADR/DATACOM/DB and ADR/IDEAL, our 4th generation application development system, provide productivity throughout the entire application life cycle.

ADR/DATACOM/DB, combined with relational query languages like ADR/DATAQUERY, puts end-users in touch with strategic uses of a company's data. Easily. Without requiring extracts or maintaining redundant systems.

ADR/DATACOM/DB is one of the easiest DBMS's to implement using ADR Migration Software, which automates the awesome process of data base conversion.

Most important of all, ADR/DATACOM/DB does it all without sacrificing performance. In fact, it is the only relational DBMS being used for high volume production applications.

It's no wonder, then, why ADR has already tied IBM and Cullinet as the data base supplier of choice.

And to that, we have just one thing to add.

Wait 'til next year. For more reasons why ADR/DATACOM/DB is such a fine performer, send us the coupon. Or call us on (0462) 55353.

### ADR WE KEEP WRITING THE HISTORY OF SOFTWARE

Applied Data Research, Portmull House,  
Portmull Lane, Hitchin, Herts, SG5 1DJ.  
Tel: (0462) 55353

☐ Please send me more information about ADR.  
☐ Please send me more information about ADR Solutions.

Name \_\_\_\_\_ Position \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_  
Phone Number \_\_\_\_\_  
Computer Equipment \_\_\_\_\_

FT/1

\* IBM Software Review/CICS Marketplace Study September 1984.  
IBM and DL/I are trademarks of The International Business Machines Corp.  
Cullinet and IDMS are trademarks of Cullinet Software, Inc.

## Should your business micro software offer a marriage of convenience or a Perfect match?

Most of us by now appreciate the ways in which a personal computer can help business. Word processing, forecasting and calculation, data storage and retrieval, and interactive data communications all become simpler and more efficient.

But computers don't think for themselves. No matter what sort of micro you buy it will only do exactly what you tell it to do. So you only realise the full benefits of computing power if you talk to your computer in the right way.

It is the software you choose that matches your computer to the tasks and dictates what your computer will, or will not perform.

Until now the choice of business microcomputer software has been a compromise. A marriage of convenience.

Either programs were simplistic and only performed basic tasks, or there were complicated, all encompassing packages that gave you everything you needed and more. Often much more, at a price you didn't want to pay.

Now THORN EMI Computer Software, Europe's largest software publisher, can give you the Perfect Match with Perfect Software II.

Perfect II is a fully integrated suite of software with programs giving enough power to cover all your business requirements, but offering the flexibility of single units. So starting with the most appropriate program for your

major requirement you can develop a relationship with Perfect II, and then build up your software library in a series of steps introducing further programs only when you need to.

Each Perfect II program is fully compatible with the others and the three main business applications

have been fully anglicised.

French, Swedish and German programs will soon be available.

**Perfect Writer II** is a comprehensive, yet easy to learn, word processing program designed for both novice and expert alike. It will edit, search, layout, write reports and support most popular printers. And to make sure you're always word perfect there is a Perfect Thesaurus and Perfect Speller facility.

**Perfect Calc II** is a powerful and sophisticated calculation and forecasting program. It will run up to 15 spreadsheets at the same time, with split screen operation and regional calculation facilities. It comes complete with a variety of ready to use model spreadsheets.

**Perfect Filer II** is a data management program. It can produce inventories, personalised mailings, listings, customer files, records and much more, and you don't need to master a programming language or a complicated command structure.

The final program in the Perfect II family is **Perfect Link**, a data communications program that can link your microcomputer to on-line information services and other computers.

All Perfect II programs come complete with a full instruction manual and Help Screens, explaining how to use the Pop-Up menus, and other standard features designed to create the

**Perfect Match** between you, your computer, and the job in hand.

And with each program costing only £149.00 you can afford to make the most of your business microcomputer by making the Perfect match.

To find out more clip the coupon or ring 0252 543333 and ask Perfect Software Sales to tell you the name of your nearest Perfect II dealer.



**THORN EMI Computer Software Distributors**  
Thorn House 296 Farnborough Road Farnborough  
Hants GU14 7NF. Tel: (0252) 543333

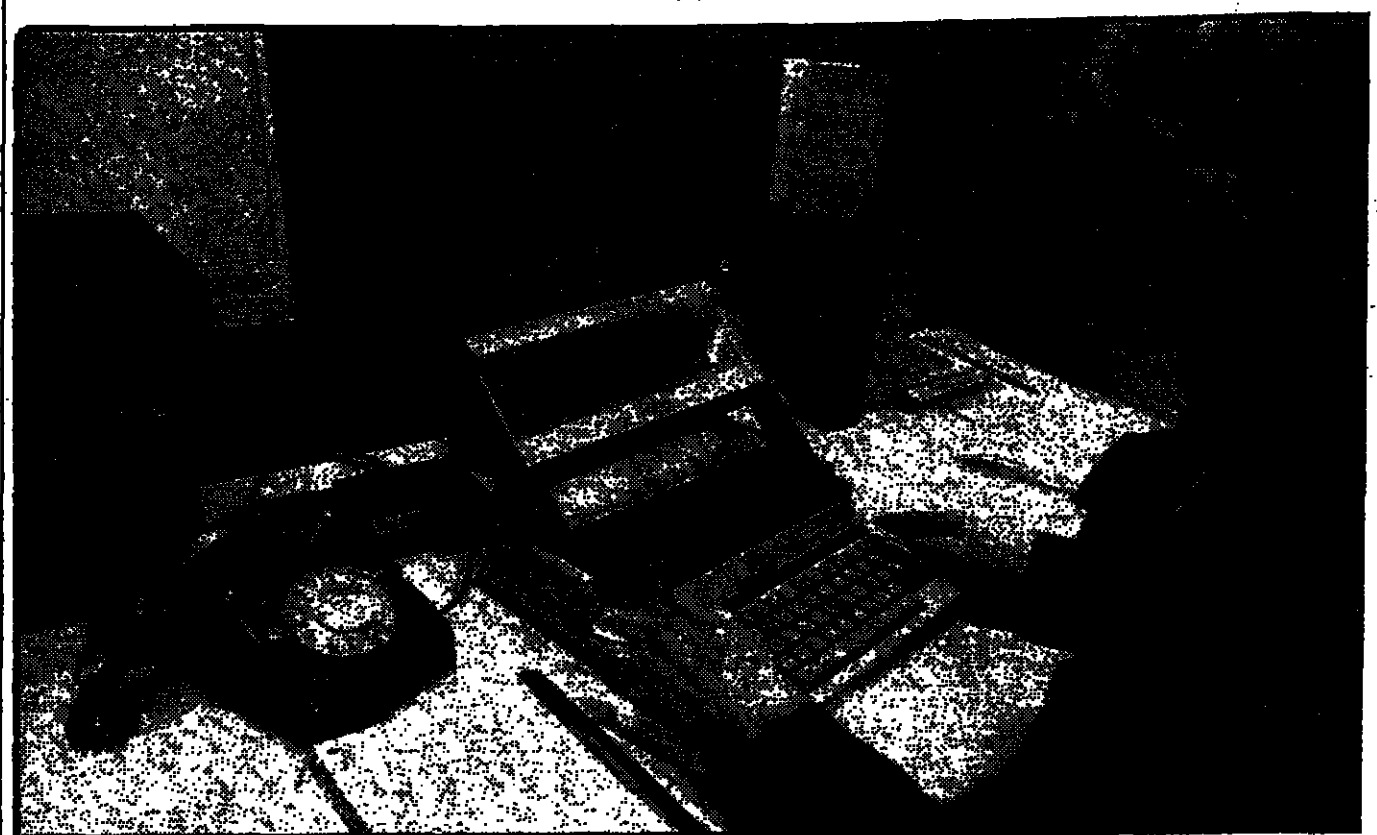
Please send me  
☐ Information on the Perfect Software II range  
☐ Address of my nearest stockist

Name \_\_\_\_\_ Title \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_  
Telephone \_\_\_\_\_ Machine Type \_\_\_\_\_

PFT2

PERFECT COMPATIBILITY Perfect Software II programs are all fully interactive and will run on the following machines: IBM Personal Computer, IBM PC/XT, IBM Portable Computer, COMPAQ Portable, COMPAQ Plus, Televideo Personal Mini, Televideo Personal Computer, Televideo Portable Computer, Columbia VPC, & other IBM clone machines. And coming soon Apple IIe and IIc, Apricot, MINIMUM SYSTEM REQUIREMENTS 128K memory DOS 1.25, 2.0, or 2.1, Two Floppy disk drives, Monochrome monitor. OPTIONS Color monitor, Mouse, Hard disk.

## Software Packages 6



Various software packages can be fed into portables such as the Sharp 5000

## Versatile micro is all-powerful

### Word Processing

WILLY BARDEN

A FEW years ago it was confidently predicted that microcomputers and dedicated word-processing machines would achieve similar sales figures. Today the micro is all-powerful, selling in volumes 10 times greater than the dedicated machine.

This is due to the high quality of word processing packages available for micros, and to the much greater versatility—the same machine can handle financial modelling, accountancy, customer records—in fact almost all small business functions can be run on the one machine when loaded with the right software.

With a good word processor package the micro can nearly match the purpose-built machine on performance, and still be considerably cheaper.

For business use, the most popular dedicated word processors are IBM, Wang and Xerox—not necessarily in that order—and a machine is more likely to be purchased from one of these manufacturers at

least partly because of their popularity, which makes recruitment of trained staff much easier.

With micro packages the situation is somewhat different, although some attempts have been made to simulate the better known dedicated machines on a micro, for example Displaywrite 2, which closely resembles the IBM Displaywriter in operation.

The dedicated machine is designed for ease of use, and will have a special keyboard with a particular key for each function, such as underlining or indenting. Each key will be labelled, and the machine may have the screen display on A4 page.

The basic micro, because it is intended to perform many tasks, will either use combinations of key presses for a single function, or special function keys. This implies that some method is needed to display the current function of each key such as plastic overlay on the keyboard or displaying on screen a list of functions together with the key presses for selecting a function.

Both will slow the typing of the document. However, IBM, Apricot and others machines have special keys for paging and other screen functions,

Good manuals are vital as well, and these factors make the choice of a package harder.

The NCC software directory lists 106 word-processing packages, with prices ranging from £50 to £1,000, depending on facilities offered and degree of sophistication of screen presentation.

Integrated packages are also available with a word processing section, amongst the more popular of which are SYMPHONY, FRAMEWORK, and OPEN ACCESS. These products contain quite powerful word-processing functions linked to data-handling to easily prepare standard letters for many customers or for personalised mailing.

### Pirated

Word-processing functions can be used for high-quality reports from the data handling side. In general, however, a word processing package will be more powerful and somewhat easier to use than an integrated package.

Although word-processing packages have been available almost since the advent of the micro, the most popular packages are not necessarily the easiest to use or the most elegant in operation. WORD-

STAR, has sold an estimated 1m copies (and an estimated 2.5m copies have been pirated).

The original WORDSTAR has a respectable history, dating back to the early days of the Apple, but is not particularly easy to use and seems archaic compared with the latest offerings. It has remained the top seller because it is available on a vast range of machines and because so many people are familiar with it.

Lots of other packages have been written to resemble WORDSTAR because it is so popular, a familiar phenomenon within the micro world where everybody tries for IBM compatibility or writes a spreadsheet package that closely matches VISICALC.

Other popular packages include MULTIMATE, which resembles the Wang dedicated word-processor, and EASYWRITER, which is simple to use. WORD has straightforward text editing procedures and is proving to be another popular package.

PERFECTWRITER has good formatting facilities and EASYWRITER is one of the few word processing packages available for multi-user micros. WORDSTAR 2000 is a popular update of the old favourite to suit the latest machines.

### Rules for buying a word-processing package

## Looking for the wizzywig factor

WHEN BUYING a word-processing package it is of great benefit to having the users—executives and typists—who will be creating and editing.

If a corporate policy covers purchase of hardware, there may be constraints on the range of software, and it is worthwhile to test packages against one another to establish the most relevant one.

In a few years it may be vital to interconnect all the systems. This will be easier if they are made by the same company.

Selection should also consider the ability of the supplier to provide day-to-day support and a technical inquiry service. It is often only worthwhile seeking a discount on software purchase if you have a high level of technical expertise within your company, as these services are often the first to go to cut prices.

Another important item is the ability of the supplier to provide training. If a popular package has been selected it may be necessary only to recruit trained staff, although staff who understand your business will not require a period of integration.

Screen representation should closely resemble the printed output, with realistic emboldening and underlining. In the micro world this is known as WIZZYWIG (pronounced "wizzywig" and meaning "what you see is what you get"). This can be difficult on screens with limited functions such as the standard low-cost micro.

Some professions, such as solicitors, need special types of word processing. Here, the systems should be capable of selecting from a library of legally-tested phrases. It may be possible to obtain information on tailored packages from professional bodies.

In spite of all the predictions, there is little sign of the paperless office—In fact, there seems to be greater reliance on the printed word. This means that there will be a need for word processing and even when electronic mail

takes over, there will still be a need for composing and editing.

Several manufacturers produce battery-powered machines that are small and light enough to fit into a briefcase, enabling managers edit documents on the morning train. There are also interfaces to allow connection of typewriters to word processing systems.

The current range of printers are slow and noisy and seem likely to be swept away by laser and other non-impact systems.

These have facilities such as multiple character fonts on a single page, mixed text and graphics and colour, but are quieter and faster. The only obstacle to market domination is the price. Non-impact systems cost about double the conventional systems, although prices are falling fast and cost per copy is already competitive.

The other major area where change is imminent is screen type and presentation. Flat screens with higher resolution can provide better character shapes and a greater variety of fonts. The display of proportionally-spaced text would also be possible.

Few micro-based systems can display high-quality letters, and even fewer can show different fonts or character sizes on the same screen.

Not many allow the review of one document during editing of another or display of partial text additions during merging.

The best packages are getting closer to full typesetting systems. Although normal office requirements are rarely more than straightforward text editing, the additional features will help sales of packages with good-looking screen displays and high-quality printed output.

Integrated packages will pick up sales against simple word-processing because they can handle more business functions.

Willy Barden

## MORE AND MORE PEOPLE ARE USING OUR FINANCIAL SOFTWARE.

## DRAW YOUR OWN CONCLUSIONS

Talk to us today, or send the coupon and you'll discover just how easy it is to control the present and plan for the future.

I am interested in the following business management software.

- ☐ Sales, Purchase and Nominal Ledger Suite  
☐ Sales and Purchase Order Processing  
☐ Stock Control and Distribution  
☐ Decision Support/Financial Planning and Modelling

Name \_\_\_\_\_ Position \_\_\_\_\_  
Organisation \_\_\_\_\_  
Address \_\_\_\_\_

Tel: \_\_\_\_\_  
Post to: RTZ Computer Services,  
PO Box 19, 1 Redcliff Street, Bristol BS59 7JS  
or phone Carol Phillips on 0272 24181

**RTZ Computer Services**



## A view of the wood

FINANCIAL planning packages are used to create computer models of the financial activities of an organisation. The software directory issued by the National Computing Centre's micro-systems centre lists more than 100 financial planning packages available, and the list is not exhaustive.

With so many packages available it does not make sense to attempt a detailed investigation of specific ones. What is first required is an identification of the broad characteristics of classes of packages. This will allow an organisation to select the type of package that best fits its needs, with subsequent

### Financial Plans

PAUL FINLAY

detailed investigation limited to packages within the chosen class and taking account of the special organisational requirements.

It is with the primary classification that this article is concerned — describing the wood rather than the trees.

Six broad classes of financial planning packages have been

listed, roughly in order of increasing scope. Unfortunately this tends to be associated with decreasing ease of use. The categorisation is not watertight: sometimes one characteristic would place the package in a different category to that corresponding to its general properties.

Even the simplest package can often be bent to tackle complex problems, but this demands a great deal of effort and skill and defeats the purpose of buying a package. Only those capabilities that can be obtained in a straightforward manner have been listed.

## Simple spreadsheet

A SPREADSHEET is the electronic equivalent of a large piece of paper divided into rows and columns. While many types of packages offer this facility, the term "simple spreadsheet" is reserved here for packages in which the spreadsheet is the be-all-and-end-all of the package.

A typical simple spreadsheet package offers 65 columns and 254 rows — 1,600 cells — although the size of the computer memory may restrict the usable size. Into each cell can be inserted text, data or a formula. A simple financial model using a typical spreadsheet package is illustrated.

The formulae are cell-specific: for example, the formula "Revenue = sales X price" has been inserted into the spreadsheet, as B5 = B3 \* B4 where B3, B4 and B5 are the cells containing the values of sales, price and revenue for 1985.

This is one "side" of the spreadsheet, showing the input data and the rules of calculation.

A few keystrokes also allow the user to switch from this display to a second that shows the results of the calculations.

A complete matrix of 65 X 254 cells is too large to be shown on a computer screen and a portion of the spreadsheet must be chosen for viewing. The screen may be regarded as a window to view any chosen portion of the imaginary piece of electronic paper at the back of the computer.

Simplicity of simple spreadsheets is their greatest strength. The traditional way an accountant could build a financial plan is reproduced closely, and the print-out resembles what is on the screen. Typical manuals that accompany the software are generally clearly written and most users should be constructing simple models within an hour of starting.

Simple spreadsheets are ideally suited to activities where

a series of calculations are to be performed frequently, often with little modification, e.g. product costing, simple budgeting and an investment appraisal.

A simple spreadsheet package exists for virtually every computer. Examples are SUPER-CALC2, (high street stores like Byteshops, £195) and CALC-MASTER (Sapphire Systems, 01-554 0582, £49).

Although a marvellous tool for such applications, the spreadsheet is inadequate for sophisticated planning. It gives insufficient help with data input; for example, it is often necessary to "spread" a value across several time periods, or to extrapolate according to a given growth rate.

Simple spreadsheets do not offer this facility, nor the capability to carry out a full sensitivity analysis. Few spreadsheets link to files created by other systems and thus they tend to be used in "stand-alone" applications.

## Integrated packages

ALTHOUGH the facilities of such Jack-of-all-trades are generally inferior to packages that have been developed for one specific application, this is not true of the spreadsheets of LOTUS and SYMPHONY.

These spreadsheets are among the best available, offering large matrices, colour and very extensive help facilities. In other respects, however, they still suffer from the same limitations as the simple spreadsheets.

Separate logic packages offer full data-modelling thus easing data input. Extensive predefined financial routines, for example covering depreciation and tax payments, are available.

Sophisticated facilities for sensitivity analysis allow many options to be investigated easily. For example, a "targeting" facility is available whereby "what must?" questions may be answered, e.g. "What must sales be in order that the profit is £1m?"

Together with the ability to produce a boardroom report and a graphics capability, separate

logic packages provide a very sophisticated planning tool. They can also be "black-boxed" which permits the package also to be used operationally as well as in the planning function.

Micro-FCS (EPS Consultants, 01-579 6931, £1,250) is at the top of the range of these packages, perhaps offering the most modelling facilities. Other separate logic packages are MICROMODELER (Intelligence, 01-740 5753, £595) and a smaller-scale FASTPLAN II (Comshare, 01-222 5665, £525).

## Dedicated packages

COMPUTER models consist of the rules of the game (the logic) and the associated data. Dedicated packages differ from all other types in that their main offering is not a framework within which you can do your own thing with the logic, but rather a set of completely-defined routines covering whole areas of accounting and finance, such as investment appraisal and the production of company accounts.

Thus the user does not have to worry thinking about the model logic and report specifications as these are predefined. His only concern is to insert data in response to computer-generated prompts. Use of package is thus "prompt driven".

PLANALYST (Computer Financial Models, 01-253 67881, £745-£1,495, with a 30-day free trial) is a good example of this genre, and is geared to financial analysis and projections. The screen prompts the user for some input, perhaps for employee costs or numbers, for which there are several options (eg sales per employee in values of the base year). The user makes his selection and inputs the values. The system remembers the options selected and adjusts later menus accordingly.

Boardroom quality standard reports include a balance sheet, profit and loss account, cash flow, productivity analyses (for which the system strips out inflation), and a wide range of financial ratios are available.

Optional facilities of Planalyst include currency conversion, user-designed reports, the ability to compare two companies against chosen variance limits and a small CALC facility for the user to design his favourite ratios, solvency equations, etc.

Although it is sometimes possible to create non-standard outputs using dedicated packages, this is usually difficult. Dedicated packages have their greatest appeal to managers who want computer assistance in performing well-defined activities and who have little time or computer expertise.

SystemBuild (0778 344388) offer a library of around 40 programs suitable for use with LOTUS 1-2-3 and SYMPHONY. This library includes modules for cash flow forecasting, investment appraisal and fixed asset records. Each module costs £75.

TRISOLVER (Bytesops, 0480 218812, £345) provides investments appraisal, ratio analysis, depreciation and other financial modules.

## Separate Logic Package Financial Model (Micro-FCS)

3	'SALES'
4	'SALES PRICE'
5	'REVENUE' = 'SALES' * 'SALES PRICE'
6	'RAW MAT COST'
7	'LABOUR COST'
8	'VAR COST' = 'RAW MAT COST' + 'LABOUR COST'
9	'FIXED COST'
10	'TOTAL COST' = 'VAR COST' + 'FIXED COST'
11	'PROFIT' = 'REVENUE' - 'TOTAL COST'

## Simple Spreadsheet Financial Model

A	B	C	D
READYMAK COMPANY: THREE-YEAR FORECAST	1985	1986	1987
3 SALES (m)	28	30	32
4 SALES PRICE	0.30	0.30	0.30
5 REVENUE	B3*B4	C3*C4	D3*D4
6 RAW MATS COST	0.070	0.075	0.075
7 LABOUR COST	0.04	0.04	0.04
8 VAR COSTS	(B6+B7)*B3	(C6+C7)*C3	(D6+D7)*D3
9 FIXED COSTS	5.0	5.2	5.5
10 TOTAL COSTS	B8+B9	C8+C9	D8+D9
11 PROFIT	B5-B10	C5-C10	D5-D10

## Data processing

THE traditional approach in data processing is for the builder and user of systems to be distinct. The SAPPHIRE-MARS package (Sapphire Systems, 01-554 0582, £395) follows this tradition.

Although the model building is menu driven (and there is an expert mode for the buff) few planners are likely to want to produce a planning aid with it. Where data-processing expertise is on hand, such a package is suitable for budgeting, linking in well to files created by the accounting systems.

It can be "blackboxed," whereby the user interacts with the model through predefined

prompts. So Mars has the interesting feature of being "menu-driven" for model building and predominantly "prompt-driven" in use.

Another package is PLUS-PLAN (Deloitte Haskins & Sells, 01-248 3913, £595), which fits rather uneasily into this category. Its unique features are its adherence to accounting jargon, its basis in double-entry bookkeeping and its general "auditor-friendly" approach. Plusplan has certain facilities for ensuring that accounting consistency is maintained, and offers full accounting consolidation.

## Separate logic advanced language

IN THESE packages the logic and data are kept separate, except when calculating. The rationale for this is that the

same logic may apply to several sets of data—for different parts of the organisation or from different experiments with the model. Unlike the simple spreadsheet packages, the logic is not cell-specific, but applies to all time period unless specifically restricted.

Straightforward English may be used in defining the logic

(eg, the expression "revenue = sales x price" is acceptable) which enable the models to be self-documenting. This is a significant feature when it is realised that formal planning is

generally carried out only spasmodically, and the ability to regain a firm understanding of a model built during a previous planning period is very important. An example of the logic for a very simple financial model written using a separate logic package is given.

## Database financial planning

DATABASE financial planning packages are the most recent type developed. They are not to be confused with database packages (such as dBase) but have been developed along database lines specifically for financial planning. Although the concepts may be a little difficult to get used to, this type of construction allows the modeller great freedom. He does not need to specify the exact form of the model at the outset, but instead is called upon to specify the basic features of the model of its dimensions, elements and the logic that links the variables.

For example, a company selling several products in several regions might create a model with the dimensions of product, cost, region and time. Elements for each dimension would be specified, for example, London, Leeds and Glasgow for the region, and January, February, March et for the time.

It is then possible to report on any two dimensions—costs against time for the production of bolts for London, or products against costs London for the whole year.

This is done by FINAL package (D. M. England and Partners, 0794-343666, £1,500-£3,200 with demonstration version available at £250).

A further attraction of database financial planning packages is that it is not necessary to specify the sequence of calculations, unlike all other types of packages, since they are powerful enough to work out an appropriate sequence for themselves. This the rules of logic can be written in any order.

FT-MONEYWISE (Moneywise Software, 01-576 885, £395) is perhaps the easiest of these packages to use, with a comprehensive tutor accompanying the software. FT-MONEYWISE was launched in May 1984 and had the distinction of being runner-up in the Which Computer? Recognition of Information Technology Achievement as Software Product of the Year.

The package offers what is termed a Moneybook consisting of 67 pages. These are of several types, the most important being the modelling, graphics and presentation pages.

The modelling pages consist of a matrix of 188 rows and six columns. All six columns are always shown on the screen and,

rather unusually, represent variables rather than time. The rows are associated with time, with the number of time periods visible on the screen at any one time limited to 12.

The rationale of this method of input is that this is the only satisfactory way of ensuring that all the data associated with the common 12-month planning horizon are visible on the screen at one time. It is into the modelling pages that the user would place input data (normally columnwise) together with the rules of calculation.

Pressing a single function key allows the display to be changed, showing either the input data and the results of calculation or the data input and the rules. Sharing of data between pages is automatic. Extensive data modelling features are available.

As the name suggests, the graph pages show extracts from the modelling pages in pie chart, bar chart and graphical form. The presentation pages contain information to be output. This may simply be copies of the modelling pages but can be totally text if required and with extracts from the modelling and graph pages included with or without commentary.

The speed with which reports can be prepared is one of the great assets of FT-MONEYWISE. The package is also very fast when it comes to recalculating large models since it is smart enough only to recalculate those elements that are affected by a change rather than recalculating the entire model. The package does not offer a sophisticated sensitivity analysis facility however.

Another package of this type is MICROWIZARD (Comshare, 01-222 5665, £5,000 for up to five copies). This offers a wide range of facilities but its price and its rather complicated model-building means that it is only suitable for the large corporate user having computer expertise on hand.

(Note: all prices exclude VAT.)

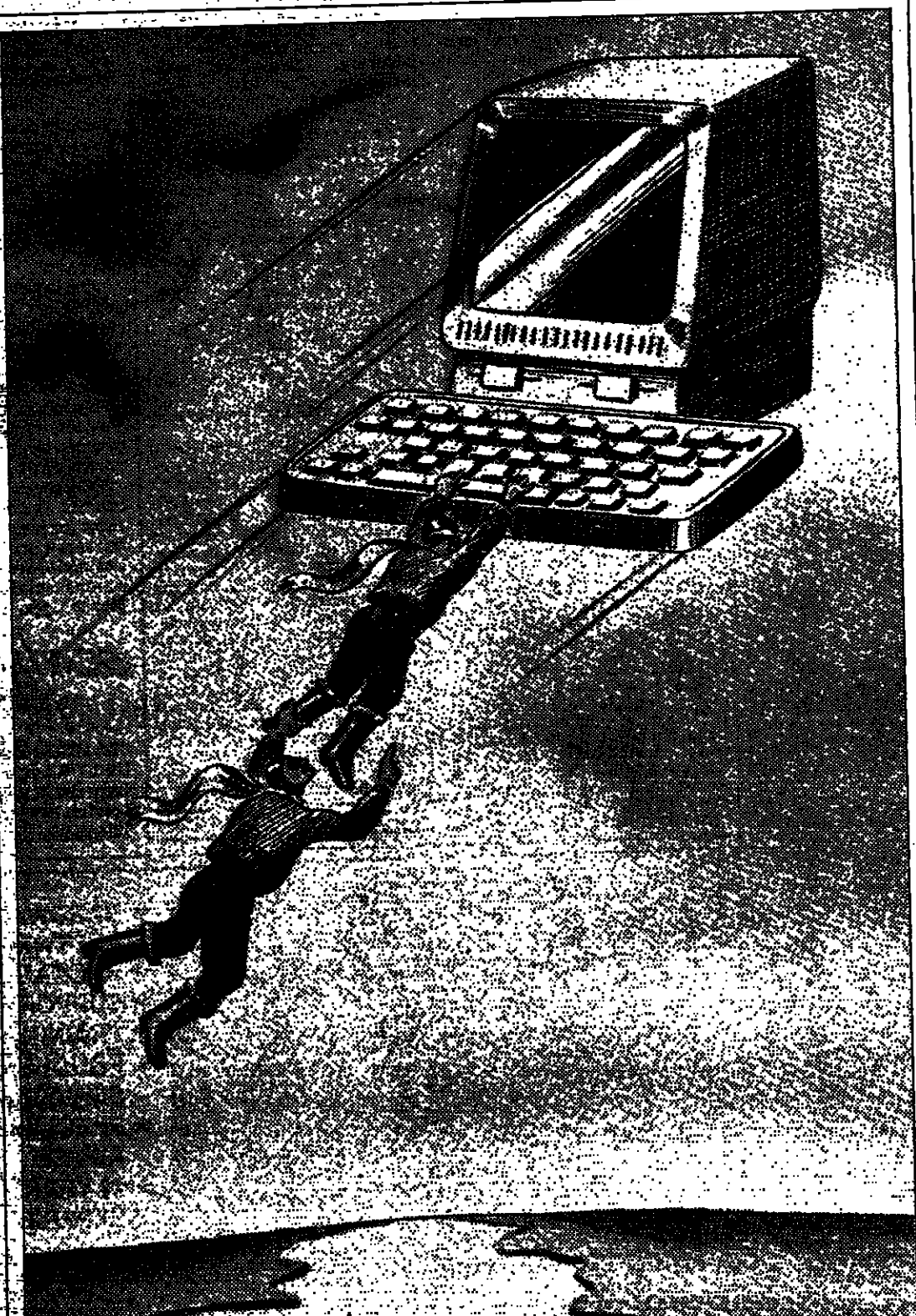
Dr Finlay is a lecturer at Loughborough University and a consultant with the National Computing Centre

1 MORE  
USING  
SOFTWARE

1AW YOU  
OWN  
NCLUSION

1AW YOU OWN  
NCLUSION

RTZ  
Computer  
Services



## How can PC users fly solo faster?

To get the best out of their PCs, many people need constant expert help with their software. Real back-seat driving.

But not if they use Framework™, the highly popular integrated software from Ashton-Tate, creators of the industry-standard dBASE family.

Not only does it combine Word-processing, Spreadsheets, Graphics, Database and Communications in one easy-to-use package.

It also has a built-in system which enables newcomers to learn rapidly on their own and become independent in a very short time.

It's called, quite simply, HELP.

Just 3 keystrokes gets you into Framework to start with. Then, with one finger near the HELP key, you can sail through Framework's manual. Spread out work side-by-side on Framework's screen desktop. Use its special Outlining feature to organise ideas as you work.

Menus and single keystroke commands help you to quickly manipulate text, numbers and graphics both on-screen and on paper. So impressive reports just fly together.

As IBM PC Update has said, "... Framework lives up to its billing.

It is very powerful and unusually easy to use..."

But keying is believing.

So send for our free demonstration disk. And take off on your own in no time at all.

To: Ashton-Tate Ltd., 1 Bath Road, Maidenhead, Berks SL6 4UH.  
Please send me a free Framework demonstration disk for my IBM PC (or compatible) ☐ Please send me details of Framework ☐

Name \_\_\_\_\_  
Title \_\_\_\_\_  
Company/Address \_\_\_\_\_  
F-2 Tel. No. \_\_\_\_\_

MINIMUM HARDWARE FOR FRAMEWORK: IBM PC® OR COMPATIBLE; 320K RAM; TWO 360K DISK DRIVES; MONOCHROME MONITOR (BUT COLOUR GRAPHICS CARDS FULLY SUPPORTED); PC DOS 2.0 OR SUBSEQUENT.

ASHTON-TATE





## For Charles, Arnold and Frederick, the business battle just ended.



### Introducing PEGASUS MULTI-USER

The versatile new Multi-User system from Pegasus Business Software ends that business battle for computer access. Because Multi-User's interactive power comfortably keeps pace with the business accounting needs of many departments at once.

With Multi-User, all the key areas in the company can now maintain and update their own section of the company's business accounts whenever they want to... recording key transactions as they happen... generating individual forms and reports the moment they are needed.

Entries and updates, file-checks and reporting requests, the new Multi-User system takes care of them all. No fuss. No fights. Multi-User simply, politely handles your accounting request... with a speed, accuracy and economy most sizes of business can benefit from.

Multi-User works with leading-make micros to add a major new dimension to the features that have made best-selling Pegasus Software the friendliest, most accommodating accounting

system in the business. With a whole battery of benefits to make accounting faster, simpler and up-to-the minute in accuracy.

#### Major business benefits with every module.

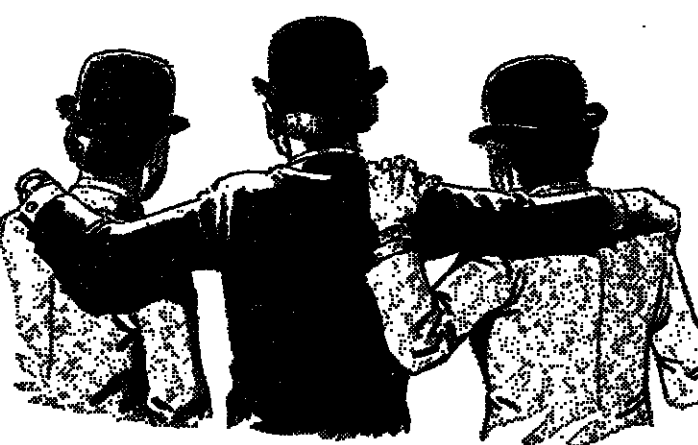
- ★ Sales Ledger, Purchase Ledger, Nominal Ledger
- ★ Invoices and pays in any currency you choose.
- ★ Flips through files to pinpoint information in seconds.
- ★ Help whenever you need—right on the screen as you work.
- ★ Brings new breadth in recording power, new depth in analysis.
- ★ Speeds the paperwork with up to three separate printers.
- ★ Generates precisely the reports you require.

#### Share the experience!

See the new Multi-User in action now at your local Pegasus Dealer. Simply clip the FREEPOST coupon below to find out more.

Pegasus Software Ltd., FREEPOST, Brixton House, 35/41 Montague Street, Epsom, Surrey TW20 2JG. Telephone: 0536 522822. Telex: 341297 BIKAT G.

Name \_\_\_\_\_ Title \_\_\_\_\_  
 (BLOCK CAPITALS PLEASE)  
 Company \_\_\_\_\_  
 Address \_\_\_\_\_ Postcode \_\_\_\_\_  
 Tel. \_\_\_\_\_ Telex \_\_\_\_\_  
 Type of business: \_\_\_\_\_  
 Do you own a computer? ☐ Yes ☐ No ☐ FT/L/S/U  
 No time to fill in the coupon? Just attach your business card.



A profitable new step to peaceful coexistence

## Cupid to man and machine

Graphics  
KEVIN TOWNSEND

SUCH IS the quality of modern computer graphics that it is tempting to think of the subject as an application in its own right, the same way that word processing, financial modelling and project management are computer applications. This would be inaccurate.

Graphics is not an application but a medium to input, and/or present, the output from, genuine computer applications. Business graphics, as distinct from computer-aided design (CAD), is not an end in itself. It is a fundamental part of the elusive man/machine interface, an attempt to make humans and computers like each other.

A distinction must be drawn between business graphics and CAD graphics. The latter uses graphics as a fundamental part of the application—namely "design"—and is basically different to business graphics. Business graphics is as much a "philosophy of computing" as anything else—a philosophy that is being continually enhanced by research into the way the human brain works.

Current thinking divides the brain into the left (verbal) half and the right (visual) half. People with a more developed left side tend to think in strings of verbal logic; those with a more developed right side think in pictures.

Business graphics uses this to make the complex and sometimes esoteric concepts of computing as easy as possible to use and understand. It seeks to make computers easier to use by giving instructions in pictures, or "icons," and results easier to understand by means of graphs, pie charts and so on.

As a result, the use of graphics in commercial computing falls into three categories: ● Graphics as an aid to interpreting the results of applications, like Dataplot from Grafox, selected by DEC to present data from Multiplan on the Rainbow. ● Graphics for understanding how to use other applications as exemplified by the Macintosh and used by the Graphics Environment Manager (GEM) from Digital Research. ● Graphics as a way of including easily understood visual

ideas within complicated textual reports, as with Doodle from Trilex.

The traditional business graphics package bolts on to existing spreadsheets and database systems, and re-interprets columns of numeric data into visual representations. A manufacturing company might have a system that automatically produces sales statistics from its ledger system in the form of lists of sale by category.

Such computer listings are still presented at the monthly managers' meeting. It would be more useful if the sales manager could present the finance director with a top quality colour graph showing percentage sales, current trends, top salesmen, etc.

Visually, the relevant information can be assimilated in seconds—verbally, it could take hours. Products that do this are plentiful, with perhaps the UK market leader being Dataplot from the Oxford-based company Grafox. Particularly popular in the U.S., and growing in popularity here, is Microsoft Chart.

The single most important requirement of a graphics package is that it should link with a spreadsheet," says Mr David Fraser, UK general manager of Microsoft. Charts are used to represent figures and most figures are produced with spreadsheets.

"Charts should make all those boring figures come to life." British management is notoriously conservative, and there is a reluctance to adopt anything new that involves the effort of interfacing two different products—in the example, Dataplot and a spreadsheet or database, or even WordStar.

It is therefore inevitable that this type of stand-alone package will begin to lose sales to the newer integrated packages like 1-2-3, Symphony, Knowledgeman and UK's Xchange, which have their own graphics systems—even if the graphics is of a lower quality with less versatility.

Unable to bear them, Grafox has joined them. It has introduced Logistix, a database combined with a spreadsheet package and a time management system.

But graphs and charts are only one side of graphics as a visual presenter. If it can be

used to present spreadsheets, it could be used in other areas.

Mr Roger Hollingworth, a director at Intel, the old DP department of BTL, said: "The major impact will be in the field of management information and decision support systems."

"Intel has used not just graphics but animated graphics for several years. Numbers and words are becoming secondary. The biggest impact from graphics has not come from histograms and pie charts, but the systems such as the Intel installation at Jaguar which makes extensive use of graphics to present floor management information in a form that is fun to use and easily understood."

"This is the future of graphics." Perhaps the most important, and certainly the most exciting area of microcomputer software, is the race to achieve the accepted method of graphically interfacing software to users.

The availability of low-cost silicon controllers and new display techniques is allowing the traditional character-based interface (words typed at a keyboard) to be replaced by a richer and intuitive picture-based interface. Much of the pioneering work in this area was done by Xerox with its Star project—and Apple has introduced the first low-cost system with Macintosh.

The concept allows the user to instruct the computer by manipulating images on the screen—without, in most cases, needing to touch a keyboard.

Microsoft is working on its system called Windows, IBM has announced TopView, which will almost inevitably have a graphics interface, and DEC is developing a similar system for its Professional series.

But one of the most advanced systems yet is GEM, produced by Digital Research. Mr Paul Bailey, European vice-president, explained the significance.

"GEM provides support for a graphics-based user interface for applications on any PC that runs concurrent PC-DOS or MS-DOS operating systems. It provides system software services that manage the display of information on graphics devices such as screens, printers and plotters; and processes inputs from devices such as a mouse, keyboard or touchpad."

"The principle on which all

of DRI's GEM applications work is to provide the user with a graphic image of the work environment, so that the PC equipped with GEM can replace all earlier methods of processing with much more flexible and easy to use tools—without forcing the user to learn radical new computer terminology and techniques."

One other area of graphics that is more important to the commercial than the P & D markets is "Paint and Draw" packages. These allow the user to paint or draw diagrams to illustrate text.

Again, the concept owes much to Xerox and Apple's Macintosh. The real race, however, is to integrate such graphics with word processing, and although it can be done, it has yet to be done adequately.

One of the best of these draw types of package is called Doodle, from the UK company Trilex. It is so powerful at drawing diagrams that it could even be called a CAD package—which is its heritage.

Trilex, however, sees it as a commercial package, and has provided an interface to a number of leading word processors—namely WordStar. The theory is that WordStar can produce the document, and leave a gap for the illustration. Doodle will then produce the illustration, and will even scale it up or down to fit the gap left by WordStar.

At the moment, these are two separate packages. The aim is to allow diagrams to be drawn from inside commercial word processors, and for text and diagram to be visible and alterable on the screen at the same time.

According to ISSCO (UK): "The UK business graphics market is two to three years behind the U.S. market, and it is only just beginning to accept graphics as a good business tool."

It is often claimed that the UK is as far behind the U.S. as it is ahead of the rest of Europe. The boom years in the U.S., where ISSCO claims to be the largest single supplier of business graphics packages, were in 1982 and 1983.

Managing director Mr Roy Graham predicts that "the UK boom is just about to take off—such as screens, printers and plotters; and processes inputs from devices such as a mouse, keyboard or touchpad."

"The principle on which all

## The shape of things to CIM

CAD/CAM  
KEVIN TOWNSEND

COMPUTER AIDED DESIGN (CAD) is the elite use of computer graphics. Unlike business graphics, which uses visual images to present the results of other applications, CAD is an application in its own right.

Like so many computer concepts, the basic theory is very simple: CAD enables the designer to develop his ideas by producing visual images on a display screen; he may then "edit" the image interactively; and finally obtain the "formula" needed to manufacture the item designed.

But CAD should not be viewed in isolation, for it is really only one, albeit the first, step in the process of production. Indeed, CAD has become so involved with CAM (computer aided manufacturing) that many people view CAD/CAM as a single subject. However, so fast does high technology develop, that even this term is giving way to a new concept: computer integrated manufacturing (CIM).

#### Integrated

Peter Wilde, CAD/CAM Marketing Manager for Digital Equipment (a company that, incidentally, claims to have 25 per cent of the CAD/CAM market), explains the issues. "People in this market," he says, "require total solutions. In the past, engineering solutions simply comprised a processor, a software package and the appropriate user interface—that is a graphics terminal. Each department was left to solve its own problem individu-

ally; design, sales order processing, shop floor data documentation, commercial (spreadsheet) modelling and business graphics. The result was a series of islands of computer automation.

The current trend is towards integrated computing systems for engineering, manufacturing and supporting functions. This involves data management communications across diverse networks, computer systems, applications software, and shop floor equipment. The result is known as CIM, where data can flow from design drafting to modelling, analysis and manufacturing."

In Digital's case, communications is provided by Ethernet and DECnet to link the VAX range of systems from MicroVAX up to the VAX 8600; and now including the new VAXstation 32-bit single user workstation. This latter is ideally suited as a CAD workstation with its high resolution graphics and multi-windowing capabilities.

However, fully functional CIM is still a long way from fruition in many CAD applications. In the meantime, CAD can be visualised as a pictorial spreadsheet, for the designed intention of the two applications is conceptually similar. CAD allows the designer to use the screen as a worksheet on which to visualise his designs. The system will then use all the computing power of modern processors to allow him to make minute changes here and there—and to see, instantly, what effect those changes will have on the product. In this way, CAD software provides the same "what if" capabilities to visual modelling that spreadsheet software provides to financial modelling.

CONTINUED ON NEXT PAGE

## Have you looked into renting a micro-computer?



Perhaps you should. If you have a work overflow, a special project, an out-of-service machine, a training course or software demonstration to give, a show or conference. Or a budget to prepare.

The benefits are many. Capital and lines of credit are kept free. You pay for use, not ownership. Payments are predictable and deductible. Cash flow is smoother.

If you don't like your choice, you can try again. If you do, you can apply part of the rental cost to a purchase.

CCA specialises in renting micros. And in giving you the most for your money. To find out more, attach your business card to this advertisement and post it. Or phone if you wish.

**CCA/MICRO RENTALS**

CCA MICRO RENTALS LIMITED  
Unit 7/8, Imperial Studios,  
Imperial Road,  
London SW6 2AG.  
Telephone: 01-731 4310

## MAS. All the advantages of custom-built software, without the disadvantage.

NATIONAL FINANCE BANK PLC  
71 Chancery Lane Branch London WC2 1VF.

Pay Custom Built Software  
Rather more than I could  
have done.

100981 60-2146 63391289

Hoskyns MAS is a unique range of software packages that lets you choose all the functions you want, and omit those you don't.

Unlike any other range of packaged software, MAS is modular, integrated and adaptable.

In fact, MAS gives you all the advantages of custom-built software, at competitive package prices. Within realistic timescales.

It's supported by Hoskyns extensive

UK resources, and you also get the security of dealing with one of the world's largest computer services companies.

There are MAS packages for manufacturing, sales order processing, purchasing, distribution and accounting. They can be used on mainframes and minis from the major manufacturers.

They give you outstanding quality,

**hoskyns**

MAKING COMPUTERS WORK FOR YOU

flexibility and high functionality.

They're fully equal to bespoke systems, in everything but price.

To find out more about MAS, ring the Marketing Manager on 01-242 1951. Or write to Hoskyns Group Limited, Africa House, 64-78 Kingsway, London WC2B 6BL.



## COMPUTER SOLUTIONS FOR THE WAY YOU WORK.

UK ENQUIRY HOT-LINE 01-680 7027

LONDON BIRMINGHAM BRISTOL CROYDON FELTHAM GLASGOW GREENFORD  
GUILDFORD MANCHESTER AMSTERDAM FRANKFURT THE HAGUE ROTTERDAM UTRECHT

**CMG**

Telephone: 01-731 4310



## European Micro Package Market

	1983	Average Growth (%)	1984	Average Growth (%)	1985
West Germany	82.4	55	365.4	41	1,050.4
France	127.7	55	305.4	40	839.5
UK	127.7	55	305.4	40	839.5
Italy	4.3	56	16.3	38	41.0
Netherlands	22.8	62	88.5	38	58.3
Belgium	11.6	61	49.3	43	145.4
Sweden	21.1	58	84.0	36	211.0
Denmark	11.7	60	47.8	39	127.0
Norway	8.8	63	37.8	42	107.3
Finland	9.1	61	38.0	40	102.3
Switzerland	15.8	64	69.7	40	181.3
Austria	6.8	64	37.7	42	107.1
Spain	16.9	73	86.2	41	247.4
Portugal	1.2	84	7.5	52	26.1
Western Europe	492.6	57	1,927.2	39	5,163.4

Source: Eurostat, International Data Corporation

## Pencil to keyboard

CONTINUED FROM PAGE 2

nised as two-dimensional architectural design, and three-dimensional engineering. As often happens in computing, some of the best systems are developed by companies for their own needs, and then offered to the market.

In some ways, this is the history of the E2000 CAD system from the Carrier Corporation — more usually associated with air-conditioning. Finding no usable CAD software at a realistic price on the market, Carrier decided to develop its own system that it could sell for around £30,000. The E2000 was developed by professional architects and engineers who, because of their experience, were able to help design the system to suit their fellow professionals. The E2000 was officially launched in the UK in 1984.

Robert Hall, of Robert Hall Associates, is one of the first users of E2000, and is typical of the users of CAD in general. "Drafting," he says, "takes a lot of time. If we wanted to expand, we would have to take on more staff. The E2000 is a quick and efficient system for producing the drawings we need."

Improving. However, like any other industry, CAD has one or two dominant figures able to produce new products in line with new market trends. One of the biggest trends in computing is the move towards the microcomputer, and inevitably the U.S. CAD giant, Computerisation, has now launched an IBM PC-based system called the Personal Designer. It includes PCADDS, microCADDS, Geometric Construction and Detailing software for two-dimensional and three-dimensional design, and enhanced graphics capabilities; and will optionally run a wide range of other CAD software.

But just as CAD software is improving, so too are hardware techniques, and capabilities suitable for quality CAD systems. "A screen pixel resolution of 720 x 500 means that it is particularly well-suited to the demanding requirements of the computer-aided design environment — which is where it has achieved most of its success," explains UK marketing manager Ian McMurtry.

CAD would not be possible without the latest hardware techniques. But even now, the quality of the specialist CAD products can sometimes be surprising. The CX1500 from Pragma can support a screen resolution of 1536 x 1800, with the availability of more than 16.7m simultaneously viewable colours.

However, the two primary areas for CAD are still recognised as a fabric example, Scottware will then produce the "ticket" for the design pattern that is the design specification for the weavers to produce the finished product.

This type of application is only made possible by the quality of both hardware and software now appearing on the market. However, Pragma's Ken Heather believes that UK industry is proving slow to adopt the new possibilities.

"It seems to me," he comments, "that many UK designers in conventional industries cannot make the jump from paper and pencil to computer keyboard. CAD has developed rapidly, but modern areas such as VLSI design, automation and space — but in reality it is in the traditional areas that we so badly need the facility that CAD can provide, and here progress is painfully slow."

This is a view by Peter Lever, the sales director of Advent Systems, Advent specialises in producing usable applications from high-tech developments. One example is its new Documentator, a system that uses the technology developed in space research for the production of digital photographs. This system allows anything (but usually drawings) to be photographed, reproduced digitally on the screen, and there edited or incorporated in textual documents.

However, the two primary areas for CAD are still recognised as a fabric example, Scottware will then produce the "ticket" for the design pattern that is the design specification for the weavers to produce the finished product.

This type of application is only made possible by the quality of both hardware and software now appearing on the market. However, Pragma's Ken Heather believes that UK industry is proving slow to adopt the new possibilities.

"It seems to me," he comments, "that many UK designers in conventional industries cannot make the jump from paper and pencil to computer keyboard. CAD has developed rapidly, but modern areas such as VLSI design, automation and space — but in reality it is in the traditional areas that we so badly need the facility that CAD can provide, and here progress is painfully slow."

This is a view by Peter Lever, the sales director of Advent Systems, Advent specialises in producing usable applications from high-tech developments. One example is its new Documentator, a system that uses the technology developed in space research for the production of digital photographs. This system allows anything (but usually drawings) to be photographed, reproduced digitally on the screen, and there edited or incorporated in textual documents.

However, the two primary areas for CAD are still recognised as a fabric example, Scottware will then produce the "ticket" for the design pattern that is the design specification for the weavers to produce the finished product.

This type of application is only made possible by the quality of both hardware and software now appearing on the market. However, Pragma's Ken Heather believes that UK industry is proving slow to adopt the new possibilities.

"It seems to me," he comments, "that many UK designers in conventional industries cannot make the jump from paper and pencil to computer keyboard. CAD has developed rapidly, but modern areas such as VLSI design, automation and space — but in reality it is in the traditional areas that we so badly need the facility that CAD can provide, and here progress is painfully slow."

This is a view by Peter Lever, the sales director of Advent Systems, Advent specialises in producing usable applications from high-tech developments. One example is its new Documentator, a system that uses the technology developed in space research for the production of digital photographs. This system allows anything (but usually drawings) to be photographed, reproduced digitally on the screen, and there edited or incorporated in textual documents.

However, the two primary areas for CAD are still recognised as a fabric example, Scottware will then produce the "ticket" for the design pattern that is the design specification for the weavers to produce the finished product.

This type of application is only made possible by the quality of both hardware and software now appearing on the market. However, Pragma's Ken Heather believes that UK industry is proving slow to adopt the new possibilities.

"It seems to me," he comments, "that many UK designers in conventional industries cannot make the jump from paper and pencil to computer keyboard. CAD has developed rapidly, but modern areas such as VLSI design, automation and space — but in reality it is in the traditional areas that we so badly need the facility that CAD can provide, and here progress is painfully slow."

This is a view by Peter Lever, the sales director of Advent Systems, Advent specialises in producing usable applications from high-tech developments. One example is its new Documentator, a system that uses the technology developed in space research for the production of digital photographs. This system allows anything (but usually drawings) to be photographed, reproduced digitally on the screen, and there edited or incorporated in textual documents.

## Total analysis supercedes record-keeping

Personnel  
KEVIN TOWNSEND

PERSONNEL management would appear at first glance to be ideally suited to computerisation. Its requirements have an underlying structure that provide the classic data file: a single (personnel) file composed of individual (staff) records each comprising a regular number of formal (information) fields.

Given this "perfect" structure, it is surprising that relatively few companies have implemented computerised personnel systems. Statistics vary from one supplier to another, depending upon the average size of its target company. A supplier selling mainly to companies with a minimum of 1,000 employees might find that 50 per cent of its target sector is computerised.

Missing Link Computers, a new company with a microcomputer system suitable for companies with as few as 200 employees, believes only 15 per cent of its market already uses computerised personnel management.

The main reason is the cost. Personnel is an internal clerical function with no direct relationship to increased sales revenue or reduced purchase costs. The personnel department is usually low on the list for company funds.

"Personnel is among the last clerical-intensive functions in modern business," says Mr John Angel, marketing director of Personel. The limited resources available to the personnel

manager are mainly used for collecting and updating employee data.

"The manager is unable to undertake the professional job for which he has been trained because of his preoccupation with administration."

But the picture is changing. The falling cost of hardware, and the arrival of powerful microcomputers mean relatively small companies can justify computer systems.

Personel is one of several companies offering personnel management systems on microcomputers. Comshare, for example, has developed Profiles/PC for the IBM PC-XT market. This is a stand-alone product that can still be linked to a central mainframe to interrogate the corporate database.

The communications link is another Comshare product called Microseek. This allows data to be transferred in both directions and provides the system with a combination of maximum security (inherent to microcomputing) and integration with corporate information and resources.

One of the most impressive of the new microcomputer personnel systems is the Personnel Assistant from Missing Link Computers — winner of the RITA award for the software product of the year 1985.

The product is built around a powerful and flexible database designed and owned by Missing Link. Because of this

attached to or run on the central corporate mainframe. To a certain extent it is supported by the market for one of its major clients, the National Coal Board, is doing that.

The board is evaluating a customised version of the system at a number of collieries. If it proves successful the intention is to install a dedicated personnel management system at every colliery.

However, one of the U.S. trends is away from dedicated systems and towards "human resources management." One such product is available in the UK from PPL.

"The economic environment and, in particular, the cost of manpower, has created a far greater interest than before in 'human resource management,'" says Mr Roger Osborne, PPL customer service manager.

"This phrase has been coined because computer-aided record keeping has been superseded by the concept of manpower management: budgeting, attrition analysis, salary projections and manpower planning are now demanded, involving a total analysis of payroll, staff data, pensions and even leavers and joiners information."

Future trends will add to the personnel manager's demands upon records of his personnel. For instance, equal opportunity and racial discrimination are becoming important for some employers such as local government.

"The nature of human resources management demands a system that can be easily changed. The basic employee records provide the core of information for payroll, labour costing, personnel and pensions processing with the various managers sharing common data."

In spite of the increasing power of the microcomputer, on-line access by many departments to common data still requires mainframe capacity. Management Sciences of America, the world's largest independent supplier of mainframe software, has been marketing personnel systems for more than a decade and Mr Stuart Walsh, the UK managing director, has strong views on personnel management.

"People are probably the most expensive and valuable commodity that any company has, and without their good will, investment in new plant and equipment alone are unlikely to bring success."

Mr Walsh believes that many of the advantages of personnel management systems are under-valued. "A computerised personnel management system can instantly provide a wealth of information about the qualifications, talents, and experience of employees so that decisions can be based on fact rather than intuition."

"In the broader context of financial management, a personnel system can expose and quantify costs which may not be immediately apparent — for example, the cost of absence."

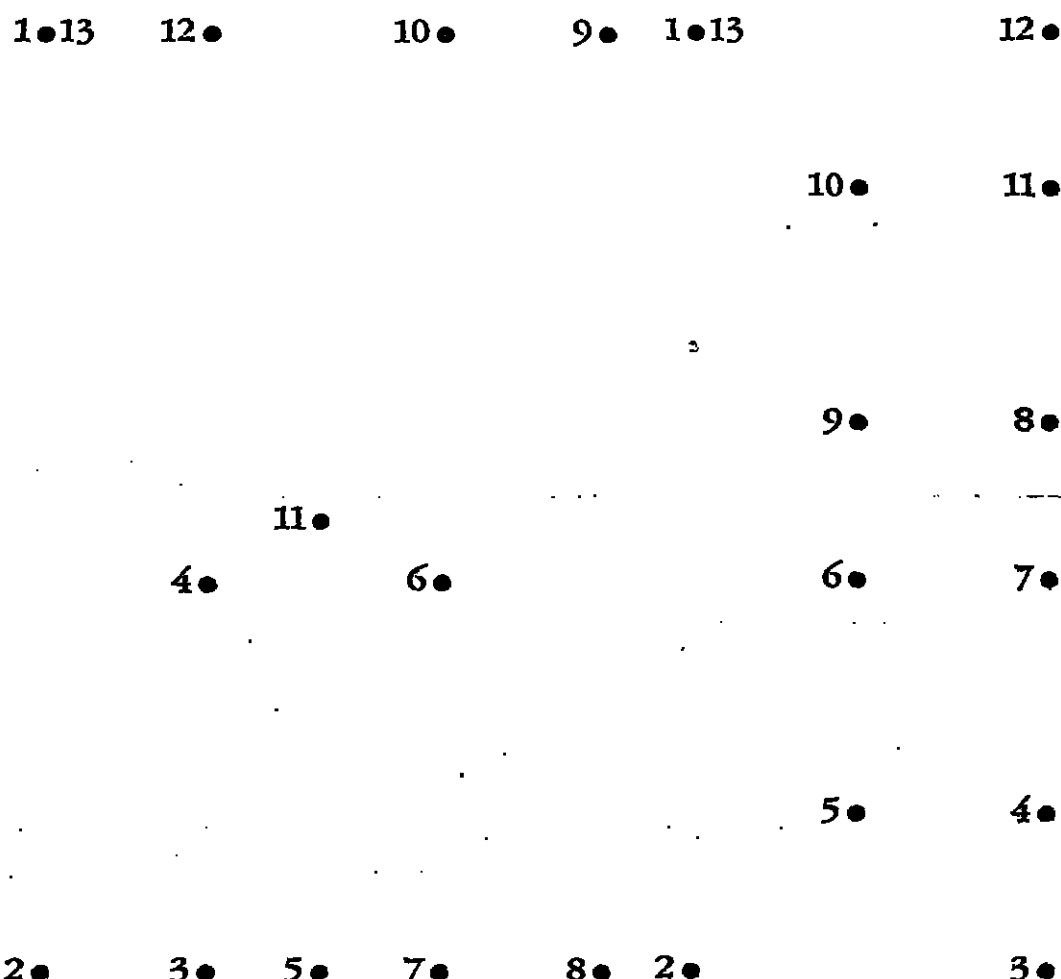
But on a more positive note, an effective personnel system can help reduce staff turnover by analysing the causes of discontent so that the situation can be remedied. Our system incorporates a powerful modelling facility so that users can predict the effects on productivity and staff turnover resulting from changes in wages, holiday entitlement, working hours and retirement age."

The corporate overview is the one taken by the majority of larger companies. Personnel computers may be the ideal solution for small companies and those without a centralised management information system, but for the larger business "the company's personnel system will form the centre of the corporate database," according to ICL.

"Data transfer should be possible between specific facilities such as payroll, personnel and word processing," the company said. "Only in this way is the necessity to duplicate data removed."

"If copies of an employee's address are held separately on the payroll, training and personnel systems, there is a strong possibility of discrepancy."

"The ICL Personnel 20 system will link directly to the DRS WP utility, enabling the production of standard document formats including personnel details such as age, salary, location and address."

When I buy software  
who should I consider first?

Yes. You.

You run your job, not your computer. That's why you should choose a software package that makes your computer work hard but does it in a way that's not hard work for you.

Good sense? We think so. Taking the trouble to understand your needs has led Lotus to produce software programs that realise the potential of the hardware in ways that even the hardware designers hadn't thought possible. In turn this emphasis on innovation coupled with continuous product development, has helped Lotus become the world's biggest microcomputer software company.

You can see the success of our approach in our products. Lotus 1-2-3™ has set an industry standard

with the definitive spreadsheet, which is probably the most useful software business tool available. Not surprisingly 1-2-3 is the best selling business software package in the UK and in America, where it has been No. 1 for the last two years.

Lotus Symphony™ goes even further in meeting your needs with a package that allows you to run your entire office on one program. It is also designed to grow with you and, as your system develops, allow one computer to talk to another.

But our commitment to understanding your requirements goes beyond our products into training and service back-up. There are 40 Authorised Training Centres throughout the country staffed by people skilled at turning learners into users.

We also have a Hotline number which you can call for any further help or advice.

Before you think about hardware, think about software. And before you think about software, think about yourself. We did.

If you'd like to see what we're talking about, just ring 01-200 0200. We'll send you a brochure and put you in touch with your nearest Lotus Software Centre.

**Lotus**  
SOFTWARE

Lotus Development (UK) Ltd, Chesham House, Victoria Street, Woking, Surrey, SL4 1JX.

**BOS**  
BUSINESS OPERATING SOFTWARE

Computer Software  
Manufacturers to the  
better household names

BP International  
British Aerospace plc  
CEGB  
The Design Council  
The Distillers Company  
Habitat  
HMSO  
Madame Tussaud's  
National Girobank Centre  
North Thames Gas  
Pilkington PE Ltd

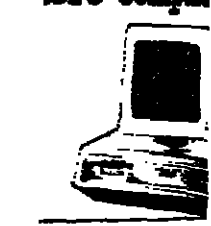
Police forces in:  
Humburside, South Wales,  
Northumbria,  
Greater Manchester  
and the  
Metropolitan Police.  
Prudential Assurance  
Smiths Industries plc  
Somerset Cricket Club  
Whitbread & Company plc  
Wilkinson Sword

These are just a few of the companies which use BOS Software in the daily running of their business.

**Software that grows with you**

BOS Software Limited  
87-89 Saffron Hill, London EC1N 8QU  
Telephone: 01-631 8470

ave you  
into renting  
micro-computer



CA MICRO  
RENTAL

CA MICRO  
RENTAL

CA MICRO  
RENTAL

CA MICRO  
RENTAL

CA MICRO  
RENTAL

CA MICRO  
RENTAL

CA MICRO  
RENTAL

CA MICRO  
RENTAL

CA MICRO  
RENTAL

CA MICRO  
RENTAL

CA MICRO  
RENTAL

CA MICRO  
RENTAL

CA MICRO  
RENTAL

CA MICRO  
RENTAL

CA MICRO  
RENTAL



## Software Packages 10

## Complex task for Cinderella

Pensions  
ALASTAIR GUILD

PENSION schemes have a higher profile than ever. Some funds are now worth more than their company's other assets, while legislation is imposing frequent changes and unions demanding more for their members.

Computerisation is the only realistic way of coping with such complexities, yet there are almost as many options as there are variations on a pension scheme.

"There is constant development of software packages," says Mr Christopher Fry, financial services director of the Hogg Robinson Group. Legislation has come thick and fast and more is promised. Data processing departments which have developed bespoke pension packages are not generally able to respond to these changes.

"Traditionally, pensions have had a low priority within companies, so DP departments have not developed in-house systems. Hence the need for pension administration packages."

Hogg Robinson's BENEFIT package is capable of running on everything from Digital micros up to the Digital VAX mini. It says a micro is viable for up to 4,000 records, the Digital FDP is capable of holding

up to 30,000 records and the VAX mini a huge number. Software, such as pensioner payroll, personnel, payroll and word processing can be added onto the basic BENEFIT package.

"The pension fund manager tends to base his choice of package on software capabilities," Mr Fry says. "The data processing department is more concerned about the hardware—whether to use a stand alone system or make the hardware compatible with other administrative systems."

Even at board level, pensions are often viewed as a Cinderella, according to Mr Nigel Benians, systems manager for Noble Lowndes. "Many pension departments see standalone systems as a way of getting their independence from central DP administration. They choose a micro-based solution because it falls within their budget, but a cheap system will often only partly do the job so they need the same number of staff as before, and may find that the package is not as complete as they thought."

"A package is sold warts and all, and not many companies selling micro packages can afford the necessary after-sales support."

"Some consultants even offer cheap microcomputers to run pension packages hoping to pick up consultancy and actuarial fees. Because the system is not so user-friendly, they may

then be able to sell more consultancy and actuarial time. They might, for example, offer the IBM PC AT for £5,000 to £7,000, though the consultancy fee may be £20,000 per annum over the system's lifetime."

"Many companies still do not appreciate the complexities of running a pension scheme in-house," Mrs Vivienne Miller, of Bacon and Woodrow Computing Services, emphasises the need for software to be capable of suiting whatever the customer wants.

"The most time-consuming part of setting up a package is in agreeing what is to be held on the system's records," she says. "Our package, MICRO-PANDA, is a general suit of programs but, because no two schemes are identical, it is tailorable to suit any particular scheme."

## Statements

The basic system, which runs on an Apricot, Sirius or IBM PC, enables the user to set up members' records on a file and to inspect or amend those records with an automatic log of any changes.

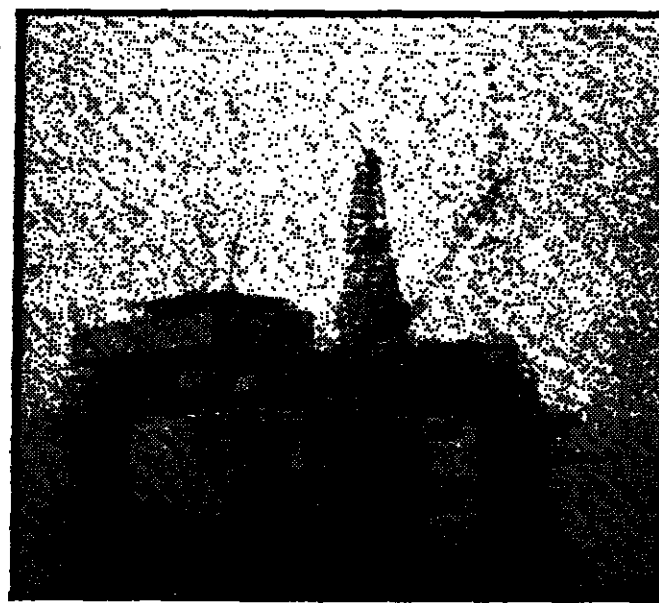
"There are various optional reports available with MICRO-PANDA. These include member reconciliation, members approaching retirement, reports for submitting information to the DESS in an approved format and a 'report generator' facility which allows the user to search records for members who satisfy certain criteria. Other optional extras include benefit calculations and statements."

The cost of the basic system, including hardware and software is £11,500. Additional facilities will cost extra. For example, a system for a single scheme with report facilities, benefit calculations and benefit statements will cost about £18,500, provided that the exact method of calculation of benefits covered is stated in the rules or booklet of the scheme.

Maintenance and updating would cost 15 per cent of the initial cost annually. LASER, marketed by Noble Lowndes, is available on a micro and is also used by NL to support its own third-party administration services. It enables updates by pensions staff rather than systems experts.

NL considers the package most suitable for companies with more than 1,500 staff who wish to operate their own pensions departments. "Pensions staff want to be able to amend and control the system without relying on systems experts," Mr Benians says. "We use a modelling language so users can talk to the computer in English."

All work was originally much more inflexible, similar to many pensions packages. "But the impact of changes in legislation caused schemes to react in



Expert systems have been used in maintenance of complicated equipment such as North Sea oil platforms.

different ways, so we ended up with more modifications than basic programs."

"Another advantage of LASER over many software packages, claims Mr Benians, is that member records and calculation routines are dated. Mr Benians says. It is therefore possible to reproduce a member's calculations or report from any date—past, present or future—regardless of changes enforced by legislation or additions made to data and scheme calculations."

However, some companies would rather not have to rely on in-house pensions expertise to monitor and update such a system. Then it is worth considering using one of the micro packages or a bureau service.

"Such a service will cost more in outside fees but less in internal staff costs," Mr Fry says.

"On the other hand, if the scheme is sufficiently large to warrant a pension scheme department, it might as well buy a package and use existing staff, though it will still have the headache of keeping the system up to date."

## Shelling out for human reasoning

Expert systems  
PETER MARSH

THE KNOWLEDGE of a human expert enshrined as a computer program sounds an attractive notion for many organisations with plenty of problems to solve and relatively few highly skilled people to tackle them.

But the task of producing such programs may not be as easy as a number of companies that have experimented with this sort of software have found in recent years.

Programs with the capability to drive a computer so it can be said to "reason" in a human way are called expert systems. Initially developed by academic researchers in the U.S. in the 1970s, programs of this kind have become available commercially only in the past five years.

Ordinary computers process information as sequences of mathematical symbols. Expert systems, on the other hand, can contain thousands of rules on subjects in specific areas such as medical diagnosis or the maintenance of complicated equipment such as oil platforms.

The rules are of the general form: "If factor A applies, then there is a B per cent chance that condition C is true." Many such rules are meshed in the structure of the program so that, fed with outside data, the computer can proceed from one rule to another, building up rudimentary inferences.

In this way, for example, the computer may be able to deduce from a mass of data about the condition of a car engine the nature of a fault from which it is suffering.

The rules linking facets of the engine's performance to aspects of its internal mechanism would be provided to the computer by a mechanic. One part of the computer program, the rules could be made accessible to a relatively unskilled person. By quizzing the computer and adding data about the engine, this person would be guided to the source of the fault.

All this is the theory of how expert systems operate. In practice, it may take a great deal of effort on the part of the organisation using the software to make it effective.

Expert systems have two main technical requirements. Firstly, they need to be written in special computer language—Prolog or Lisp for example—that lends itself to working in a rule-based manner.

Secondly, they generally need relatively powerful computers, for instance a Xerox 1108 or DEC VAX, or machines made by the American specialist computer company Symbolics. More recently, however, expert systems have appeared that can run on less powerful hardware

such as IBM personal computers. Few companies are using expert systems in a routine fashion. Those that have bought software with which such systems can be implemented are generally experimenting with the technology in research laboratories.

Expert systems are usually sold in one of two ways. A company can sell a set of software in the form of a computer language. In this way, for instance, Expert Systems International, of Oxford, makes available a form of Prolog (which it calls Prolog-1) for about £400. It is up to the customer to turn this into a specific expert system, possibly using a manual.

A more popular route is for the software company to provide an expert system shell. This is a set of software written in an appropriate language in a rule-based structure.

## Promise

The customer has to add specific knowledge to the shell in the area for which it is intended. Sales of such software are analogous to marketing, in the world of electronic components, of "uncommitted logic arrays"—standard forms of chips to which the customer has to add extra circuits for popular application.

Customisation for expert system shells can be lengthy. It may take a specialist in interpretation of oilfield data months to supply enough knowledge so the software is usable by unskilled people.

With experience, companies may find ways of cutting down on the time to "fill out" a shell. Shells under development may also offer more promise, in that they are "semi-customised." They may be specific to particular application areas, such as control or maintenance of equipment or medical diagnosis.

Prices of shells vary enormously. Knowledge of California sells M-1, a shell that can run on an IBM PC, for \$10,000. To gain full benefit from the shell, the company suggests that customers go on a 13-week training course. The F-1 shell also sold by Teknowledge costs \$50,000 to \$80,000, depending on whether it runs on a Xerox 1108 or a VAX.

At the lower end of the market Logic Programming Associates, a company set up by researchers at London's Imperial College five years ago, sells a shell called APES for about £400. Such software may provide less sophisticated systems than the high-priced products. But they are useful tools with which organisations can gain experience with expert systems have real applications.

## It's like trying to run your business with the wrong micro.

A micro that's right for one business isn't necessarily right for another.

No matter how good they are, people can't function properly with the wrong equipment.

With First Computer this situation never arises.

Because we advise on and supply only individually tailored micro packages.

To make sure we know what we're talking about first of all we ask you to explain your business.

And we listen. Carefully.

Then with a good grasp of what you need, we'll help you get it.

Which is where our First guarantee comes in:

"We promise never to sell you anything you can't use."

That sounds obvious, but you'd be surprised how many expensive pieces of equipment uselessly lie around in storerooms and offices. We also advise you on software and spend time with you examining hardware.

It's a major part of our job to not only be aware of what is available, but to have tried out all the latest developments.

Hence our second guarantee:

"We promise to have a thorough working knowledge of what we sell."

Unlike those who just kit you out, First Computer prides itself on a comprehensive before and after sales service.

**FIRST  
COMPUTER**

**A system tailored to your business.**

BRISTOL · CROYDON · LONDON (HOLBORN · MOORGATE · PICCADILLY) · LUTON · SLOUGH

Before you buy anything we give you a free introductory consultation.

Then as you add more micros to your system we'll help you train more people to make the best use of them.

Even then you won't have seen the last of us. Our after sales service continues for as long as you go on using our package.

Enter our third guarantee:

"We promise to be responsible for servicing the equipment you buy from First Computer, no matter how long you keep it."

Keeping in touch with existing customers is as important to us as meeting new ones.

Recently we worked with TWA.

Developing a new system for the co-ordination and assessment of current employment status for their staff.

We placed one of our specialists on site to gain first hand knowledge of their problem. Within four weeks TWA could boast a new fully operational system.

Equally we've worked with small businesses like the Harefield Development Co. (chicken farmers in Buckingham) employing just 13 people.

At First Computer we believe that because every business's problems are unique, so are the solutions.

To get the best out of us, dial 100

and ask for Freefone First Computer. Speak to Ian Slater, or write to him at First Computer, Liberty House, Regent St, London W1R 5DE.

## Choosing a Computer?

To avoid the pitfalls that every business must face make certain that the system you choose will:

- Keep a firm grip on your cash ■ Take maximum discounts ■ Chase debtors regularly ■ Keep stocks low but not too low ■ Despatch invoices daily ■ Prepare statements any time ■ Satisfy the VAT man ■ Cut payroll preparation time ■ Eliminate clerical errors ■ Give you all the information you need — immediately!

**FREE!** Before you decide, send for our **FREE BOOKLET "A Businessman's Guide to Choosing a Computer"**. Written in everyday language, it will help you make the right choice. Phone Maidenhead 74661 or mail the coupon Freepost today.

**Plusmark Software**

PROVEN BUSINESS MANAGEMENT SYSTEMS

SEND BOOKLET

Name \_\_\_\_\_  
Title \_\_\_\_\_  
Type of business \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_  
Tel \_\_\_\_\_

Post to Plusmark Business Systems Ltd.,  
Freepost, Maidenhead, Berks. SL6 2BZ

Plusmark Systems run on IBM, Philips, Altos, G.C. Axtens and other leading micro computers.

FT2